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16 August 1991

Daily Report
East Asia

FBIS-EAS-91-159 *16 August 1991*

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Japan

Spokesman Remarks on PRC Citizen's Deportation

OW1608100491 Tokyo KYODO in English 0930 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Top government spokesman Nobuo Ishihara defended Friday Japan's deportation of a Chinese woman seeking political asylum, saying that if the case were accepted, Japan might be flooded with applicants claiming to be political refugees.

"If everyone claimed they were political refugees so we couldn't send them back, immigration administration would get out of control," Deputy Chief Cabinet Secretary Ishihara told a regularly scheduled news conference.

Lin Guizhen, 24, was put on a flight to Shanghai on Tuesday after she failed a two-year fight to win status as a political refugee. At the time of her departure she was engaged in two trials seeking to prove her claim that she had joined a democratic movement in Fujian Province, and could face persecution on her return.

Ishihara also said Japan does not plan to join the United States and other industrialized nations in seeking the release of political prisoners in China because Japan wants to avoid meddling in China's domestic affairs.

Ishihara said Japan's demand that South Africa release political prisoners was different because prisoners there are also victims of racial prejudice.

Japan has told Pretoria that it must release all political prisoners before Tokyo lifts economic sanctions.

Ishihara also said there may be a difference in the way Westerners and Asians perceive human rights, though he added "Japan does not look lightly on human rights."

On a four-day trip to China earlier this week, Prime Minister Toshiki Kaifu asked Chinese leaders to pay more attention to international demands for improvements in the areas of human rights and democracy.

In response, Chinese leaders said that China has its own standards of human rights.

Komeito Chairman To Visit PRC in Oct

OW1608090391 Tokyo KYODO in English 0816 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Komeito Chairman Koshiro Ishida is planning to visit China in early or mid-October to discuss Northeast Asian issues, party sources said Friday.

Ishida has instructed his party to arrange a schedule for his visit, and if there is no extension of the extraordinary Diet session, he will leave October 7, the sources said. The visit will be the first by a Komeito head since 1987.

During his weeklong visit, Ishida expects to meet Chinese President Yang Shangkun, Premier Li Peng, and Chinese Communist Party General Secretary Jiang Zemin to exchange views on maintaining peace in the region, especially on the Korean peninsula, the sources said.

The No. 2 opposition party head will also brief the Chinese leaders on Komeito's support for proposed Japanese cooperation in United Nations peacekeeping operations.

The sources said Ishida will also urge China to take part in a six-nation parliamentarians' conference, which he and South Korea's Democratic Liberal Party head Kim Yong-sam agreed on last December.

The six countries are Japan, South Korea, North Korea, China, the United States, and the Soviet Union.

The Komeito sources said with the two Koreas' membership to the U.N. likely to be realized in mid-September, such a meeting by parliamentarians is necessary in order to support dialogue between Seoul and Pyongyang.

Ishida will also call on Beijing to take the initiative on international issues such as the Cambodian conflict and banning arms exports, the sources said.

The Komeito leader also plans on visiting Shanghai and Hangzhou in addition to Beijing, they said.

Foreign Ministry Protests USSR Overflight

OW1608062191 Tokyo KYODO in English 0555 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Japan on Friday lodged a protest with the Soviet Union about an alleged violation of Japanese airspace by two Soviet bombers over Rebun Island, Hokkaido, a Foreign Ministry official said Friday.

Kazuhiko Togo, section chief of the ministry's Soviet Union Division, called Georgiy E. Komarovskiy, a senior official at the Soviet Embassy in Tokyo, to the ministry and made the protest.

Togo also urged the Soviets to take steps to prevent airspace infringement by Soviet military aircraft.

Komarovskiy was quoted as promising to convey the Japanese protest to Moscow.

Two Tu-95G Bear bombers allegedly penetrated Japanese airspace over the island, located northwest of Hokkaido, on Thursday, Defense Agency officials said.

Ministry Sources on Travel to Northern Islands

OW1508154091 Tokyo KYODO in English 1427 GMT 15 Aug 91

[text] Tokyo, Aug. 15 KYODO—Former residents of four Soviet-occupied islands off Hokkaido and a limited

spectrum of other Japanese may be allowed to visit them without visas or passports as early as October, Foreign Ministry sources said Thursday.

The sources were confirming recent Japanese media reports that the visits, proposed by Soviet President Mikhail Gorbachev when he visited Japan last April, could commence in the fall.

Under the proposed scheme, Soviets now residing on the disputed islands of Kunashiri, Etorofu, Shikotan, and the Habomai group, would be allowed to travel to Japan on the same basis.

Eligible Japanese and Soviet citizens would only need an identification certificate issued by their respective governments.

The Japanese allowed to visit the islands would be restricted to primarily former residents, as the government is anxious about any moves that might "perpetuate the present status of the four islands."

The sources said Japan hopes the plan could be implemented as early as October or, at the latest, November, considering the chilly climate of the region as winter approaches.

Some Japanese media have quoted government officials as saying a bilateral agreement may be reached at next September's regular vice foreign ministerial consultations in Moscow.

The Red Army seized the islands at the end of World War II and evicted the tens of thousands of Japanese residing there.

The territorial dispute is the greatest obstacle to a full-fledged normalization of Japan-Soviet relations, including a massive infusion of Japanese economic assistance which could help restore the Soviet Union's economic health.

Both countries are gambling that the program of mutual visits will be conducive to a favorable settlement to the territorial dispute.

Japan hopes the interaction between the former and present residents of the islands will convince the Russian and Soviet people that returning all four to Japan would be to their immediate and long-term advantage.

Moscow, reflecting on the history and legality of the islands' takeover, as well as the potential benefits of friendship with Japan, has indicated a willingness to make a territorial concession, if only a partial one.

But it has made it clear to the Japanese side that the dramatically changed situation in the Soviet Union today demands that the necessary groundwork be laid and consent obtained from the general populace and local authorities before undertaking such a move.

Recent polls taken in the increasingly independent Russian Federation and in the islands and their immediate vicinity show an overwhelming majority of the population opposed to any territorial concession to Japan.

Gorbachev, meanwhile, is currently under such strong political pressure that a precipitous giveaway of land could bring him down.

Moscow hopes the exchange scheme will facilitate a better Japanese understanding of the Soviet situation, leading to a more flexible Japanese attitude toward its proposals that the islands be jointly utilized in some form or another.

Talks With DPRK To Resume in Beijing 30 Aug

OW1508161291 Tokyo KYODO in English 1500 GMT 15 Aug 91

[Text]

Tokyo, Aug. 16 KYODO—Japan and North Korea will hold their fourth round of normalization talks on August 30-31 in Beijing, Foreign Ministry officials said Thursday.

The third round of talks in Beijing last May broke down over Pyongyang's objections to Tokyo's call that it provide information on a Japanese woman allegedly kidnapped to train a North Korean agent convicted in the 1987 bombing of a South Korean airliner over the Andaman Sea.

A North Korean official newspaper charged last month that the Japanese side had brought up "issues which had nothing to do with the basic agenda and which even could be regarded as an insult."

On July 20, however, the two countries simultaneously announced that they would resume their stalemated talks in Beijing in late August.

Foreign Ministry sources indicated that Tokyo has agreed not to bring up the case of the missing Japanese woman in the next round of talks.

They suggested the talks would be facilitated by the two Koreas' application earlier this month for membership of the United Nations, as well as their agreement to hold prime ministers' talks on August 27-29.

The sources also noted that Pyongyang has of late adopted a more flexible position on the issue of opening up its nuclear facilities to international inspections, which has been another stumbling block in the normalization talks.

North Korea is expected to reiterate at the next round of talks its demand that Japan pay "war reparations" for its 1910-45 colonial rule of the Korean peninsula.

Pyongyang also says it is due additional compensation for "losses" its people have suffered in the postwar years owing to the absence of war reparations and Japan's policy on the issue.

While steadfastly rejecting the term "war reparations," Japan is reportedly willing to provide North Korea with economic cooperation in the form of loans and grants.

But officials said Japan is not obliged to compensate North Korea for the alleged postwar losses as it is not the party responsible for the postwar lapse in diplomatic ties.

The officials said the Japanese delegation in Beijing will be headed by Noboru Nakahira, who holds the title of ambassador in charge of Japan-North Korean normalization talks.

They said the North Korean delegation will be headed by Chon In-chol, one of North Korea's several vice foreign ministers.

Talks Previewed

OW1608084991 Tokyo KYODO in English 0810 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Japanese and North Korean negotiators will seek to forge a clear definition of the extent of Pyongyang's jurisdiction over the Korean peninsula during their fourth round of normalization talks later this month, government sources said Friday. The sources suggested that the jurisdiction problem, along with compensation to North Korea for Japan's 1910-1945 colonial rule over the peninsula, will likely top the agenda for the August 30-31 talks in Beijing.

Tokyo will seek a clear definition that Pyongyang's jurisdiction over the Korean peninsula is "anything north of the 38th parallel," the military demarcation line separating North and South Korea. Such a clarification, however, would have to be discussed with Seoul, which Tokyo recognized as the sole legitimate government of Korea in the 1965 basic treaty normalizing Japan-South Korea relations.

During the third round of talks in May, Pyongyang asked that Tokyo recognize its claim to the "northern half of the Korean peninsula" in the event a Korean federal republic, as proposed by Pyongyang, is realized. Pyongyang has demanded the peninsula be united in a federation under the two governments in Seoul and Pyongyang, while many South Korean officials envision a "German formula" in which it would absorb North Korea.

At the May talks, Japan held that Pyongyang's "northern half" definition of its jurisdiction was not sufficiently clear to be used in a treaty.

The sources said, meanwhile, that Tokyo negotiators would not press for information in the formal talks on a Japanese woman allegedly kidnapped to train a North Korean agent convicted in the 1987 bombing of a South Korean airliner that killed 115 people.

The third round of talks broke down over Pyongyang's objections to Tokyo's demands for information as having nothing to do with the basic agenda of the negotiations.

On July 20, the two countries simultaneously announced that they would resume their stalemated talks in Beijing, and the Foreign Ministry indicated it would not bring up the case of the missing woman in the formal talks. Sources hinted Friday, however, that they may press for information on the woman, known in Korean by the pseudonym Li Un-hye, during informal meetings outside of the talks.

Negotiations are also expected to touch upon issues surrounding the establishment of full diplomatic relations, a host of economic questions, and international issues, including the opening of North Korea's nuclear facilities to international inspection.

The officials said the Japanese delegation in Beijing will be headed by Noboru Nakahira, who holds the title of ambassador in charge of Japanese-North Korean normalization talks.

They said the North Korean delegation will be headed by Chon In- chol, one of North Korea's several vice foreign ministers.

Revision of South Korean Fishery Accord Sought

OW1608075191 Tokyo KYODO in English 0700 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Japan wants to revise a fishery agreement with South Korea to stamp out illegal operations by South Korean fishing boats in waters around Japan, government officials said Friday.

The officials said Japan hopes to conclude negotiations with South Korea this year.

They predicted tough bargaining because Seoul opposes the proposed revision, which would allow Japanese authorities to control fishing operations by South Korean boats around Japan.

Under the current agreement, signed in 1965, Japan has no jurisdiction over South Korean vessels operating outside its 12-mile territorial limit.

The officials said there have been about 2,000 cases of illegal operations by South Korean boats around Japan since 1989.

Both sides signed an agreement in 1980 to voluntarily regulate fishing operations in their respective waters. The regulations were tightened in 1983 and 1987.

In informal working-level negotiations, South Korea claimed that the existing accord is unfair to Seoul and that violations by South Korean fishing vessels have been decreasing, totaling 1,400 cases in 1990, the officials said.

The Fisheries Agency hopes to start negotiations with Seoul in early September, they said.

UN Decision on Sale of Iraqi Oil Supported

OW1608123291 Tokyo KYODO in English 1205 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Japan supports the United Nations Security Council's decision Thursday allowing Iraq to market a limited quantity of oil to earn hard currency needed to meet urgent humanitarian needs and to pay Perisian Gulf war reparations, a Foreign Ministry spokesman said Friday.

"This resolution ...was submitted because of the humanitarian necessity of addressing shortages of foodstuffs and medical supplies in Iraq," spokesman Taizo Watanabe told Japanese reporters.

"Japan supports it because we also deem necessary humanitarian assistance for the Iraqi people," the spokesman said.

The Security Council voted overwhelmingly in favor of the resolution, which authorized Iraq to sell up to 1.6 billion dollars worth of oil to pay for importing basic necessities and for reparations and other debts arising from its invasion of Kuwait.

Watanabe indicated that Japan also supported another resolution approved by the Security Council Thursday, which condemned Iraq for concealing information and materials from U.N. inspectors regarding its possession of nuclear potential and weapons of mass destruction.

He echoed the resolution's call on Iraq to honestly fulfill its obligations to make a full, final and complete disclosure and to allow full access by the U.N. inspection teams.

Industry 'Hesitant'

OW1608121291 Tokyo KYODO in English 1027 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—The Japanese oil industry is hesitant to import oil from Iraq despite a United Nations resolution lifting its ban on Iraqi oil imports for a six-month period, industry sources said Friday.

"We're not thinking of importing Iraqi oil for the time being," said a spokesman for Cosmo Oil Co.

Other petroleum concerns more or less echoed the remark, which seemed to exemplify the position of the vast majority of oil firms, the sources said.

The firms are averse to dealing with Baghdad before the United States clarifies its position on the issue.

Their reluctance also stems from the amount of time it takes to import Iraqi oil, which passes through Seyhan in central Turkey rather than through the Persian Gulf.

Oil obtained through pipelines via Seyhan takes a month and a half to reach Japan, or three times longer than oil which comes through the Persian Gulf.

The firms also said they have already secured ample supplies of oil and do not need the Iraqi oil.

Prior to the outbreak of the Persian Gulf crisis in August 1990, Japan imported about 200,000 barrels of oil a day from Iraq.

Baghdad informally approached Japanese trading houses and petroleum firms in late April, saying Iraq could export oil to Japan after July.

But the firms expressed reluctance to resume importing Iraqi oil at that time as well.

The U.N. resolution temporarily freeing oil exports, passed Thursday, cites humanitarian concerns and Baghdad's need for funds to support the U.N. special commission charged with elimination of Iraq's weapons of mass destruction, as well as payments of reparations to Kuwait, for the move.

Revelations From Security Scandal Continue

Ministry Announces Compensation

OW1608081691 Tokyo KYODO in English 0742 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—The Finance Ministry announced Friday that four medium-sized Japanese brokerage houses had compensated selected clients a total of 861 million yen to make up for losses incurred in securities transactions between April 1988 and March 1990.

Aizawa Securities Co. paid 128 million yen, Izumi Securities Co. 148 million yen, Naigai Securities Co. 481 million yen, and Meiko Securities Co. 104 million yen.

With the announcement of compensations by the four firms, the total amount reimbursed to clients by 21 securities companies as of Friday climbed to about 172,873 million yen.

The specific list of clients is scheduled to be released by the Japan Securities Dealers Association in the evening.

Sources said the list to be released has a large number of individual clients, reflecting the business of medium-sized brokerage firms.

But the ministry said neither politicians nor crime syndicates were on the compensation list to be released Friday.

Favored Clients Revealed

OW1608122691 Tokyo KYODO in English 1124 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Four small Japanese securities companies Friday identified the recipients of their compensation for stock investment losses two weeks after the big four and second-tier brokerages published the lists of their favored clients.

The new lists did not include any politicians or members of organized crime syndicates, according to the Finance Ministry.

The latest disclosure of the names of corporate and individual investors who received kickbacks from the small brokerages in the (?two)-month-old stock scandal places more attention on steps the government should take to prevent a recurrence of wrongdoings and the possible resignation of Finance Minister Ryutaro Hashimoto.

The four small brokerage houses, Meiko Securities Co., Aizawa Securities Co., Izumi Securities co., and Naigai Securities Co., said they paid a total of 874 million yen in compensation for stock market losses for 26 corporate and 66 individual clients.

The Japan Securities Dealers' Association released the lists on behalf of the four companies.

The publication of the new lists brought to 172.87 billion yen the total of reimbursements that 21 securities companies, including the big four, paid to satisfy elite customers after a stock market crash incurred huge losses in 1989 and 1990.

The big four, Nomura Securities Co., Daiwa Securities Co., Nikko Securities Co., and Yamaichi Securities Co., made their lists public on July 29, and 13 second-tier and medium-sized brokerages followed suit two days later.

Naigai Securities, the 49th largest brokerage firm in Japan in terms of assets, provided 481 million yen to compensate losses of five companies.

Izumi, 23rd largest, provided 161 million yen for five corporate clients, Aizawa, 12th, 128 million yen for 15 companies and 58 persons, and Meiko, 24th, 104 million yen for one company and eight individuals.

Among the corporate clients included in the lists are Fuji Bank, Nippon Trust Bank, Nippon Credit Bank, Mitsubishi Corp., and Hitachi Ltd.

Fuji Bank and Nippon Credit Bank appeared on the list for the first time.

The four brokerages did not reveal the names of the individual investors that made the lists, but no politicians or gangsters are among the favored clients, according to the Finance Ministry and the Securities Dealers' Association.

The ministry said there are a few other securities companies that gave similar special treatment to selected clients.

Further publications of lists are not expected regarding unfair compensation paid up to March, 1990.

Fuji Bank, which is implicated in another financial scandal concerning fraudulent lending by its former employees, protested the inclusion by Aizawa Securities of the bank on the list for 30 million yen in compensation.

Tatsuro Arita, managing director of the bank, said he was quite sorry that his company was on the list.

But, he claimed that Fuji had no knowledge about the special treatment, which he said was done as part of stock investment funds handled by Aizawa's investment consulting subsidiary.

Arita said all trading using the funds was done with the total discretion of the investment consultant company, and Fuji did not consult with the company.

"We really regret Aizawa's action," he said.

Officials from Nippon Trust Bank (NTB), which was also listed by Aizawa, expressed surprise.

An NTB spokesman said it was "a bolt out of the blue."

Officials from Nippon Credit Bank (NCB), which appeared on Naigai's list, denied they received compensation.

"We have no perception that we received compensation, nor have we received any report from Naigai Securities about such trading," an NCB spokesman said.

"We believe it's only part of ordinary transactions," he said.

Naigai President Masaki Hideno said his company was unaware of any wrongdoing.

"We did not believe we were covering losses for our clients until the tax authorities' inspection," he said.

"We believed it to be within ordinary trading practices, but we nevertheless have to admit our management was sloppy," he said.

Favored Clients Listed

OW1608124691 Tokyo KYODO in English 1121 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Following is a revised list of companies and individuals compensated by smaller brokerages, with the amount of reimbursements in millions of yen.

Aizawa Securities Co.
Morimura Bros. Inc. (trading) 70
Fuji Bank Ltd. 30
Nippon Trust Bank Ltd. 6
Nippon Kakoh Seishi K.K. 5
11 other companies 6
58 individual investors 11

Izumi Securities Co.
Sanwa Shinkin Bank 51
International General Finance (nonbank finance) 50
Honmi Kaium K.K. (shipping) 24
Toyonaka Shinkin Bank 23
American House (food service) 13

Naigai Securities Co.
Sanken Lease (subsidiary of Mitsui Construction Co.).....290
Komatsu Finance (subsidiary of Komatsu Ltd.).....126
Nippon Credit Bank Ltd.....35
Mitsubishi Corp. 19
Hitachi Ltd. 10

Meiko Securities Co.
Meiko Europe Ltd. (Meiko Securities' subsidiary in London).....36
8 individual investors 68

Officers Punished

OW1608141991 Tokyo KYODO in English 1332 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Four of Japan's smaller brokerage companies said Friday they have punished company officials for the illicit compensation of favored clients for stock investment losses.

The four companies—Naigai Securities Co., Aizawa Securities Co., Meiko Securities Co., and Izumi Securities Co.—have decided to cut the salaries of their presidents and chairmen by 10 percent for one month.

The firms took the step after publishing lists of the favored customers.

The four also decided to slash the salaries of some other high- ranking officials involved in the wrongdoing.

Meiko Securities had already cut the salary of a marketing official by 10 percent for six months last year for making misleading explanations to customers.

Two managing directors of Izumi resigned at the company's shareholder meeting in June, thereby "partly assuming the responsibility" for Izumi's role in the scandal, company officials said.

Watanabe Remarks on Watchdog

OW1608124491 Tokyo KYODO in English 1159 GMT 16 Aug 91

[Text] Fukuoka, Aug. 16 KYODO—Former Finance Minister Michio Watanabe on Friday voiced caution about a proposed independent financial watchdog outside the ministry.

Watanabe told a press conference here such an organization, if introduced, should be integrated into the ministry, not outside as proposed by some members of the ruling Liberal Democratic Party (LDP) and reportedly being considered by the ministry itself.

He added the planned watchdog should be kept as small as possible.

News reports said the ministry is considering forming a body called the Financial Inspection Agency under its jurisdiction to oversee the scandal-tainted finance industry.

The series of disclosures about wrongdoings by Japanese banks and securities houses, including unfair kickbacks to favored clients by major brokerage companies, has produced mounting calls from some government and business leaders for establishing an independent watchdog like the U.S. Securities and Exchange Commission (SEC).

Financial Institutions Involved in Loan Scandal

OW1508185591 Tokyo KYODO in English 1406 GMT 15 Aug 91

[Text] Osaka, Aug. 15 KYODO—A dozen prestigious banks and leading finance firms were major players in what has become the worst loan scandal in Japan's history, confidential Finance Ministry documents obtained by KYODO news service revealed Thursday.

The documents show that 12 financial institutions, including the Industrial Bank of Japan (BOJ), Fuji Bank, and major "nonbank" institutions in Tokyo, Osaka, and Nagoya, have received from a minor credit association a total of 13 fake deposit receipts which served as collateral in massive loans to a proprietress of an Osaka restaurant.

The receipts, issued by Tomomi Maekawa, a former branch manager of Toyo Shinkin Bank, Japan's 56th-largest credit association in Osaka, for Nui Onoue, also known as one of the top individual investors in Japan, carry a combined face value of 342.05 billion yen. They vary from 5.5 billion yen and 50 billion yen in value.

Both Onoue and Maekawa were arrested on Tuesday for alleged loan fraud, believed to be the largest ever of its kind in Japan.

According to the ministry documents, based on depositions and records of the two suspects and accountants, IBJ, the country's top long-term credit bank, and its leasing affiliate were given phony receipts with the largest value of 80 billion yen.

The IBJ group has already acknowledged its involvement in the scandal following an in-house investigation.

Fuji Bank, a major commercial bank already being jolted by another disclosure that former officials fabricated deposit records for loans from nonbanks, is also on the list, with 20 billion yen worth of records.

Fake documents for 50 billion yen went to a leasing affiliate of Matsushita Electric Industrial Co. and 40 billion yen worth went to a nonbank affiliate of Sumitomo Life Insurance Co.

Sword-Wielding Men Storm Fuji Bank

OW1608080791 Tokyo KYODO in English 0646 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Two sword-wielding men stormed the Akasaka branch of the Fuji Bank on Friday in the latest attack on a financial institution at the center of a Japanese scandal.

Police arrested the two men, who appeared to be rightists, for violating the Firearms and Sword Control Law. No injuries were reported in the short-lived incident.

According to police, two men entered the bank brandishing Japanese swords shortly before 1 P.M. and ordered women employees and customers to leave the bank.

Threatening the bank's male employees and slashing the bank counter, they demanded to see the bank president, police said. They reportedly had a protest letter to deliver.

Police are investigating the attack, which appears related to a fraud scandal involving an employee of Fuji Bank's Akasaka branch.

Minoru Nakamura, a mid-level executive at the branch, is suspected of issuing forged deposit receipts to clients worth 260 billion yen which were used as collateral to obtain loans from non- bank financial institutions between 1987 and 1991.

Nakamura currently is being questioned by police about the fraud scandal.

Last week, two armed members of the rightwing Shokonjuku Group briefly took over the central Tokyo headquarters of Nomura Securities Co. to protest a scandal in the securities industry.

Nomura and three other major securities firms had compensated preferred customers for losses suffered in stock dealings at the expense of smaller investors.

Bank of Japan Tops List for Corporate Earnings

OW1608104991 Tokyo KYODO in English 0720 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—The Bank of Japan [BOJ] regained the top spot on a list of corporate earnings for fiscal 1990 after a lapse of nine years, with its reported income exceeding 1 trillion yen, a private research agency reported Friday.

Teikoku Data Bank Ltd. said the central bank's rise from the 44th place in the previous year was the result of the recovery of the bond market.

The company said the report was based on a survey of 114,273 corporations which reported income of more than 40 million yen for the fiscal year that ended in March 1991.

Toyota Motor Corp., which held the top spot in the previous two years slipped to second place.

Manufacturers such as Matsushita Electric Industrial Co. and Hitachi Ltd. climbed the ladder to make the top 10 while Nomura Securities Co., which ranked second last year, and other brokerages and commercial banks retreated.

The company said the number of corporations reporting income exceeding 40 million yen increased 5.1 percent from fiscal 1989, while their combined income grew 1.2 percent to 47,567.7 billion yen.

Mitsui Group Accepts MITI Insurance Payments

OW1608103391 Tokyo KYODO in English 0953 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Five companies in the Mitsui Group decided Friday not to challenge a government cut in insurance payments to cover losses in their unfinished project to build a giant petrochemical plant in Iran, officials said Friday.

The companies said they would accept 77.70 billion yen in investment insurance payments by the Ministry of International Trade and Industry, despite their requests for 93.07 billion yen.

The five firms formed a joint venture, Iran Chemical Development Co. (ICDC), in 1973 to promote the multibillion yen project, in which the Japanese Government invested 20 billion yen.

ICDC established Iran Japan Petrochemical Co. jointly with Iran's state-run oil company to carry out the project.

The Mitsui companies formally withdrew from the project in October 1989, after construction of the petrochemical plant in southern Iran was hampered during the 1980-1988 Iran-Iraq war.

The group consists of giant trading firm Mitsui and Co., Mitsui Toatsu Chemicals Inc., Tosoh Corp., Mitsui Petrochemical Industries Ltd., and Japan Synthetic Rubber Co.

The ministry slashed about 20 percent of insurance requested by the companies, claiming they undercalculated the value of the remaining assets in Iran.

The ministry disbursed the insurance July 31.

The Mitsui officials said ICDC will be disbanded toward the end of this year, marking an end to the 20-year-old project.

MITI Develops Environmental Protection Plan

OW1508153091 Tokyo KYODO in English 1142 GMT 15 Aug 91

[Text] Tokyo, Aug. 15 (KYODO)—The Ministry of International Trade and Industry (MITI) has drawn up plans for technological assistance in environmental protection for developing nations in the Asia and Pacific region, ministry sources said Thursday.

The blueprint for Japan's 1992 Policy on Contribution to World Environment Protection also includes setting up joint projects with developed countries to search for

ways to remove carbon dioxide from the atmosphere, believed to be a major cause of global warming, they said.

As for developing nations, MITI plans to help build factories which can use wasted heat from power plants. Developing facilities to generate power from solar energy is also in the plan.

Malaysia, Thailand, Indonesia, and other countries in the Asia- Pacific region where Japan has traditionally offered economic assistance are likely to be the first countries to be involved.

MITI also plans to help China develop and install equipment in coal-burning thermal power plants and other factories in order to eradicate sulfur emissions by such places, the sources said.

In China, demand for energy is rising sharply and experts in Japan have warned of the possibility of acid rain reaching Japan, they said.

But they added that protection of the global environment is not merely for the benefit of a single nation.

The sources said MITI plans to offer assistance free of charge or at very low cost.

In coordination with the government of each country, MITI will encourage local engineers and experts to join in development projects for those facilities and plants as a means of technology transfer, they said.

MITI has calculated it needs about 1.5 billion yen in funds to effect the plans, and is expected to ask for the budget in the next fiscal year.

In joint projects with developed countries, the search for some means of removing carbon dioxide from the air may be the main theme, the sources said

MITI plans to provide grants-in-aid for a few such projects of up to 30 million yen each, they said.

In cooperation with the government sectors concerned, the ministry is expected to push the plan from the beginning of fiscal 1992.

Toshiba, NEC Examine U.S. Court Ruling

OW1608035491 Tokyo KYODO in English 0314 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Toshiba Corp. and NEC Corp. said Friday they are examining a U.S. court ruling ordering them to pay royalties to Wang Laboratories Inc. of the United States.

The major Japanese electronics companies said they will decide whether to accept the verdict after the current summer holidays.

The U.S. District Court in Alexandria, Virginia, ordered the Japanese companies to pay 2.75 to 4 percent of their sales from the beginning of last year to the end of June this year in royalties to Wang Laboratories for the use of patented computer memory devices.

The Japanese companies have claimed Wang's patents no longer are valid and that they do not use the devices in question in their products.

They said they might resort to litigation in the United States even if there is room for a negotiated settlement of the dispute.

Industry sources said the dispute may spread to other Japanese electronics makers that use Wang's devices.

Toshiba and NEC said the dispute will not seriously affect their computer business even if they lose in a court battle.

Firms React to U.S. Antidumping Duty

OW1608034491 Tokyo KYODO in English 0105 GMT 16 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Japanese companies making flat-panel displays are worried that a U.S. Government decision to impose antidumping duties on their products could force them lose their competitive edge in the U.S. market, industry sources said Friday.

On Thursday, the U.S. International Trade Commission [ITC] ruled that Japanese-made flat-panel displays are being dumped in the United States, paving the way for the Commerce Department to impose antidumping duties on them.

Among the Japanese companies named in the ITC ruling are Sharp Corp. and Hosiden Electronics Co.

Noting that the duties will raise prices of the Japanese products so they cannot compete [with] U.S. products, the sources said the Japanese suppliers will be forced to review their export strategies.

The sources, however, said the dumping issue will not likely develop into a political dispute between Japan and the United States because the value of flat-screen exports is far below that of color television sets and computer chips.

In the past, Japanese exports of color TVs and computer chips also faced dumping charges in the United States, leading to thorny bilateral trade disputes.

Flat-panel displays are mainly used in laptop and portable computers, medical instruments, industrial controls, and commercial avionics.

Stronger, Flexible Polyethylene Fiber Developed

OW1508233591 Tokyo KYODO in English 2312 GMT 15 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Mitsui Petrochemical Industries Ltd. has developed a new polyethylene fiber

whose strength and elasticity are stronger than aramid fiber, the NIKKEI SANGYO SHIMBUN newspaper reported Friday.

The lightweight fiber generates no poisonous gas when it is burned, it said.

The company will shortly launch full-scale production for sale mainly to automobile and sporting goods manufacturers, and construction companies, the industrial daily said.

It is aiming to boost annual sales to 10 billion yen in several years, the paper said.

Kyocera Plans Solar Cell Production Increase

OW1608002991 Tokyo KYODO in English 2344 GMT 15 Aug 91

[Text] Tokyo, Aug. 16 KYODO—Kyocera Corp. is planning to boost its annual production capacity of polycrystal silicon solar cells to 20 megawatts, the world's highest, by 1996, the JAPAN INDUSTRIAL JOURNAL reported Friday.

One megawatt is one million watts.

Kyocera, the world's biggest manufacturer of integrated circuit ceramic packages, is also considering entirely switching the size of such solar cells from the present 10 centimeters square to 15 centimeters square, the newspaper said.

The company has already revealed a plan to double production capacity at its Yokaichi plant in Shiga Prefecture from six megawatts to 12 megawatts by next summer with an investment of 3 billion yen.

The production increase is designed to meet strong demand for solar cells, the paper said.

North Korea

Daily Views Accusations About Nuclear Weapons

SK1608102891 Pyongyang KCNA in English 1014 GMT 16 Aug 91

["Outcry Over North's 'Nuclear Threat' Can Convince No One"—KCNA headline]

[Text] Pyongyang August 16 (KCNA)—The United States is trying to force unilateral "nuclear inspection" upon us by spreading rumors about "development of nuclear weapons" in the DPRK and crying that it poses "threat to security in Asia."

This false propaganda of the United States can neither go down with anyone nor cover up the stark fact that the nuclear threat on the Korean peninsula comes from the South, NODONG SINMUN today declares, and goes on:

More than 1,000 pieces of U.S. nuclear weapons deployed in South Korea are now fully ready to fly towards the North with a push of the button.

There is not a single nuclear weapon in the northern half of Korea which is the target of U.S. nuclear weapons. It is only too clear who threatens whom with nuke.

To remove the danger of a nuclear war from the Korean peninsula is an urgent demand of peace in Asia and the world.

The United States is seeking a sinister purpose in its false trumpeting about "nuclear threat from the North."

The outcry over "nuclear threat from the North" is a dangerous intrigue to justify the presence of U.S. nuclear weapons in South Korea and find a pretext to ignite a nuclear war.

The United States must not take issue with us by circulating rumors about "nuclear threat" but stop its criminal moves for a nuclear war and take nuclear weapons out of South Korea without delay.

Authorities Urged To Try for Reunification

SK1608053991 Pyongyang KCNA in English 0435 GMT 16 Aug 91

[Text] Panmunjom August 15 (KCNA)—A letter to the authorities of the North and the South was adopted at a meeting of the second pan-national rally for peace and reunification of the country which was held here on August 15.

The letter strongly calls upon the government authorities of both sides to make unsparing efforts to build a reunified country.

Saying the principles of independence, peaceful reunification and great national unity laid down in the July 4 joint statement must be adhered to under whatever circumstances, the letter stresses:

Consent or approval by any outside force is not necessary in achieving reunification, and political and military domination or interference by the forces which infringe on the nation's sovereignty must be thoroughly rejected.

And anybody who really wants peace must no longer postpone the adoption of a nonaggression declaration but carry out a substantial mutual disarmament including the U.S. troop pullout on the basis of the nonaggression declaration.

At the same time, it is necessary to jointly deal with not only the United States, the very country which has deployed nuclear weapons, but also with countries concerned for the conversion of the "Korean peninsula into a nuclear-free zone," an indispensable requisite to peace. It is also imperative to give up the intention of achieving

"reunification by absorption" and remove all the institutional and legal obstacles that hamper great national unity.

Contending that the reunification question should not be monopolized or used as a means of maintaining power, the letter emphasizes that the ferver of the 70 million fellow countrymen for reunification must no longer be dampened with the anachronistic policy of holding exclusive sway over the North-South dialogue.

In order to confirm the way of national reunification common to the nation, it is necessary to convene at an early date a pan-national consultative conference for national reunification involving the authorities and representatives of all political parties and public organisations of the two sides, the letter says, demanding a halt to suppression of the pro-reunification patriotic forces, immediate release of pro-reunification figures and guarantee of freedom for the nongovernmental reunification movement.

Chondaehyop Pan-National Rally in Seoul Viewed

SK1608112691 Pyongyang KCNA in English 1030 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—The pan-national rally held at Kyunghee University in Seoul with the participation of figures of various circles and students of the National Council of Student Representatives (Chondaehyop), more than 15,000 in all, adopted a resolution demanding the withdrawal of the U.S. troops from South Korea and the realisation of national reunification through confederacy on August 14, according to a foreign press report from Seoul.

In the resolution the participants in the rally, reportedly asserted that the reunification of the North and South through confederacy is the only and one way of achieving national reunification and vowed to actively struggle for the U.S. troop pullout from South Korea, the withdrawal of unequal treaties signed between the United States and South Korea and the replacement of an armistice agreement with a durable peace agreement.

In the resolution the participants also vowed to be vanguards in the struggle to make 1995 a year when national reunification is achieved on the three principles of national reunification—independence, peaceful reunification and great national unity—in the teeth of imperialism and splittist forces within and without, it noted.

A meeting which was held at Sogang University in Seoul in the meantime with an estimated 1,000 students from different campuses in attendance adopted a resolution condemning the antireunification, splittist moves of the authorities.

Memorandum of 'Anti-Nuke' Committee Published

SK1608053191 Pyongyang KCNA in English 0401 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—The Korean Anti-Nuke Peace Committee and the Korean National Peace Committee published a memorandum on August 15 urging the United States and the South Korean authorities to accede without delay to the DPRK's proposal for negotiations to make the Korean peninsula a nuclear-free zone.

The memorandum was published at a time when planetwide voices demanding the withdrawal of the U.S. nuclear weapons from South Korea and the conversion of the Korean peninsula into a nuclear-free zone was growing louder. It recalls that the governments, political parties and organizations of more than 100 countries on the five continents, some 20 international organizations and hundreds of prominent political and public figures have taken various steps on more than 1,000 occasions including the publication of statements and appeals and meetings in the last few months since the joint statement of the DPRK political parties and public organizations was published on June 10.

According to the memorandum, broad public circles of the world unanimously exposed the danger of the U.S. nuclear weapons and demanded a simultaneous nuclear inspection of the North and the South, the withdrawal of nuclear weapons from South Korea and the denuclearization of the Korean peninsula.

18 political parties and organizations of Pakistan in a joint statement on July 4, 1991, said although the United States is loudmouthed about "the end of cold war," the more than 1,000 pieces of nuclear weapons deployed in South Korea pose a threat to peace and security not only on the Korean peninsula but also in Asia.

Delegates of 17 political parties including the communist party of India, the Pakistan People's Party, the Communist Party of Paraguay, the Chilean Socialist Party, the United Party of Haitian Communists, the Peruvian Communist Party and the African National Congress of South Africa in a joint statement published on June 17, 1991 pointed out that the United States has deployed more than 1,000 pieces of nuclear weapons and 40,000 troops in South Korea and is ceaselessly staging such provocative and aggressive nuclear games as "Team Spirit" joint military exercises with the mobilization of huge armed forces.

25 political parties in Latin America and Europe including the Communist Party of Argentina, the Belgian Labour Party, the Colombian Communist Party, the Ecuadoran human rights committee, the Honduran Communist Party, the Mexican Democratic Revolutionary Party and the Central American united party in a joint statement on July 21 1991 held that if the United States truly want peace, it should not demand a "nuclear inspection" of the DPRK alone which has no nuclear

arms but open to the public the nuclear weapons of its forces in South Korea and, at the same time, accept an international inspection of them.

Delegates of the German Communist Party, the Jordanian People's Democratic Party, the Salvadoran Communist Party and others in a joint statement on July 7 1991 demanded that the United States respond without delay to the call for the denuclearization of the Korean Peninsula, saying if it has no intention to threaten Korea and other Asian countries with nuclear weapons, it should immediately withdraw all its nuclear weapons deployed in South Korea.

Vladimir Fedotov , ambassador of the Soviet Foreign Ministry in charge of special affairs, speaking at the Asia-Pacific roundtable conference on confidence-building and removal of disputes in the Pacific on June 10 1991, contended that the United States must give assurances that it would not use nuclear weapons against the DPRK and must withdraw its nuclear weapons from South Korea.

The demand for the withdrawal of U.S. troops and nuclear weapons from South Korea is continually ringing out from the United States and from among the Koreans overseas.

Prof. Robert Scalapino, former director of the East Asia institute of California University who is a U.S. expert on Asian affairs, told a meeting sponsored by the U.S. Asian association on July 1 that there is no need for the United States to deploy nuclear weapons in South Korea if it is merely for security reasons. He urged the U.S. administration to reexamine its nuclear policy on the Korean peninsula.

Selig Harrison of the high institute of the U.S. Carnegui [spelling as received] Foundation, in an article contributed to the U.S. paper CHRISTIAN SCIENCE MONITOR on July 4 held that the United States should promise not to use or deploy nuclear weapons on the Korean peninsula for the sake of peace.

The memorandum stresses in concluding:

The days are gone never to return when the United States could frighten and hold sway over the world with nuclear weapons.

It is a foolish daydream if the United States thinks it can get something while keeping its nuclear weapons in South Korea and continually pursuing its policy of nuclear threat.

The United States and the South Korean authorities must accede without delay to our Republic's proposal for negotiations to make the Korean peninsula a nuclear-free zone.

If they refuse again our fair and aboveboard proposal, they would bump into fiercer condemnation from all the Korean people in the North and the South and the world's peaceloving people.

Gorbachev Greets Kim Il-song on Anniversary

SK1608021691 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 14 Aug 91

[Text] The great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers Party of Korea [WPK] and president of the DPRK, received a message of greetings from Comrade Mikhail Sergeyevich Gorbachev, president of the USSR and general secretary of the Central Committee of the CPSU, on the occasion of the 46th anniversary of the liberation of Korea.

The message is as follows:

Pyongyang

To Comrade Kim Il-song, general secretary of the Central Committee of the WPK and president of the DPRK:

On the occasion of the 46th anniversary of the liberation of Korea I send congratulations and the greatest wish to you and to all of the friendly workers of the DPRK.

Under conditions of great positive changes in the world, I am firmly convinced that Soviet-Korean relations will continue to develop in the interests of the peoples of the two countries and in the cause of peace and security in the Asia-Pacific region.

[Signed] Gorbachev

[Dated] 14 August 1991, Moscow, the Kremlin

Kim Il-song Greets Gorbachev on Korean Anniversary

SK1608020391 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 14 Aug 91

[Text] The great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers Party of Korea [WPK] and president of the DPRK, sent a message of greetings to Comrade Mikhail Sergeyevich Gorbachev, president of the USSR and general secretary of the Central Committee of the CPSU, on the occasion of the 46th anniversary of the liberation of Korea.

The message is as follows:

Moscow.

To Comrade Mikhail Sergeyevich Gorbachev, president of the USSR and general secretary of the Central Committee of the CPSU:

On the 46th anniversary of the liberation of Korea I send my greetings to you and the Soviet people.

Greeting the 15 August anniversary, the Korean people believe that Korean-Soviet relations of friendship forged through a long historical period will develop in conformity with the common desire of the two peoples.

I wish you success in your responsible work.

[Signed] Kim Il-song, general secretary of the Central Committee of the WPK and president of the DPRK

[Dated] 14 August 1991, Pyongyang

Soviet Novichenko Interviewed on Experiences

SK1608104591 Pyongyang KCNA in English 1018 GMT 16 Aug 91

["Ya. T. Novichenko and His Entourage Interviewed"—KCNA headline]

[Text] Pyongyang August 16 (KCNA)—Ya. T. Novichenko, a Soviet citizen visiting the Democratic People's Republic of Korea for the sixth time, and his entourage were interviewed here.

He is widely known as an internationalist soldier among the Korean people as he defended the safety of the great leader President Kim Il-song at the celebration of the 27th Anniversary of the March First Popular Uprising held at Pyongyang Railway Station Plaza in March, 1946, by covering with his body a handgrenade thrown onto the platform of the meeting.

Novichenko told reporters that the great leader President Kim Il-song has taken care to enable him and his family to visit Korea and bestowed deep benevolence on them each time they visited Korea.

He said:

Still I cannot forget the day of glory when I visited Korea for the first time in July, 1984.

Looking back upon what happened more than 40 years ago in detail, the great leader highly estimated my deed.

Busy as he was meeting many delegations at the time of the 13th World Festival of Youth and Students in July 1989, he found time to meet my family. This is an honour and pride unforgettable in the remainder of my life.

Recalling that the great leader mapped out in detail the program of his stay so that he, an ordinary Soviet citizen, could see famous places of Korea including revolutionary sites and scenic spots, Novichenko said he was deeply moved by the glorious revolutionary history of the great leader that he fought Japanese imperialism in Paektu forests.

He said he could be known widely not only among the Korean people but in the world because the great leader highly estimated and made him known.

He evinced his determination to work invariably with the same mind, same stance with which he defended the safety of the great leader by silencing a handgrenade with his body 40 odd years ago.

Novichenko authored and presented to the great leader a book "Symbol of Friendship" on the occasion of the 15th of April this year.

He was awarded the title of Labour Hero and Gold Medal (Hammer and Sickle) and Order of National Flag First Class of the DPRK in 1984 for his feat and internationalist assistance to the Korean people.

In 1985, Korea released the Korean-Soviet co-produced feature film "eternal comrade-in-arms" (two parts) dealing with his heroic deed.

Kim Pok-sin Attends Wreath Laying Ceremony

SK1608054491 Pyongyang KCNA in English 0428 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—A wreath was laid in the revolutionary martyrs cemetery on Mt. Taesong in the joint name of the Central Committee of the Workers' Party of Korea [WPK] and the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea on the occasion of the 46th anniversary of national liberation on August 15.

Present at the wreath-laying ceremony were Kim Pok-sin, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council, and officials concerned.

Wreaths were also laid in the cemetery in the name of the Ministry of People's Armed Forces, the Foreign Ministry, the Ministry of Foreign Trade, the Ministry of External Economic Affairs, the Committee for Cultural Relations With Foreign Countries, the Central Committees of the General Federation of Trade Unions, the League of Socialist Working Youth, the Union of Agricultural Working People and the Korean-Soviet Friendship Society and Pyongyang Municipal party and power bodies and administration and economic organs.

The participants observed a moment's silence in memory of the anti-Japanese revolutionary martyrs who fell in the sacred struggle for national liberation and the freedom and liberation of the people.

On the same day wreaths were laid before the Liberation Tower and the cemetery of men and officers of the Soviet Army in Sadong District, Pyongyang, in the joint name of the WPK Central Committee and the Central People's Committee and the Administration Council of the DPRK on the occasion of the 46th anniversary of national liberation.

Wreaths and bunches of flowers were laid before the Liberation Towers and in the cemeteries of men and officers of the Soviet Army in local areas that day.

The Soviet Embassy in Pyongyang laid wreaths in the revolutionary martyrs cemetery on Mt. Taesong and before the Liberation Tower and in the cemetery of men and officiers of the Soviet Army.

PRC Delegation Arrives for Journalists Meeting

SK1608054591 Pyongyang KCNA in English 0433 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—A delegation of the All-China Journalists Association headed by Li

Xiande, member of the Secretariat of the association, arrived here on August 15 to participate in the consultative meeting of the presidents of the journalist organisations in Asia and Oceania to be held in our country.

It was met at Pyongyang railway station by Choe Yong-sam, first vice-chairman of the Central Committee of the Korean Journalists Union.

4th Round of Talks With Japan To Open 30-31 Aug

SK1608054091 Pyongyang KCNA in English
0451 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—The fourth full-dress intergovernmental talks for the normalisation of diplomatic relations between the Democratic People's Republic of Korea and Japan will be held at the embassies of the two sides in Beijing on August 30 and 31, 1991.

The period of talks may be extended, if necessary.

At the third talks in May, the Japanese side raised a problem alien to the talks, bringing the talks to an impasse and making it impossible even to agree on the date of the fourth talks.

Later there was a consultation between Foreign Ministry officials of the two countries on the opening of the fourth talks.

The sides agreed to have the fourth talks on condition that neither side would bring up at the full-dress talks a question alien to it as at the third talks.

The talks will be participated in by a DPRK Government delegation headed by Vice-minister of Foreign Affairs Chon In-chol and a Japanese Governemnt delegation headed by representative of the Japanese Government Noboru Nakahira.

Pan-National Rally Held by Pomminnyon in Tokyo

SK1608112291 Pyongyang KCNA in English
1043 GMT 16 Aug 91

[Text] Tokyo August 15 (KNS-KCNA)—The Second Pan-National Rally for Peace and Reunification of the country was held in Tokyo today.

Participating in the rally were figures of the overseas headquarters of the Pan-National Alliance for the Country's Reunification (Pomminnyon), delegates from the Pomminnyon headquarters of Korean residents in Japan and its Japan regional headquarters, headquarters in Europe, Americas and Canada, Australian regional headquarters and headquarters of Korean residents in China and delegates of Korean residents selected in different parts of Japan, 1,200 all told.

Director of the Secretariat of the overseas headquarters of Pomminnyon Yim Min-sik made a keynote report at the rally. Then followed speeches.

The speakers said that, if the country is to be reunified, it is necessary to check and frustrate the criminal moves of the splittist force within and without seeking to freeze national division and turn the territory of the homeland into a theatre of nuclear war.

They said confederacy is the only way of reunification and expressed their resolution to struggle for the removal of the barrier of division and all the political and legal obstacles including the "National Security Law", realization of free travel of people in the North and the South and overseas and independent nongovermental dialogues and for the release of the reunification messengers.

Adopted in the name of the rally were a joint resolution of the second pan-national rally, an appeal to the compatriots at home and abroad, letters to the U.N. secretary general, the U.S. President and the authorities of the North and the South.

Earlier, on August 14, a meeting of representatives of the headquarters of Pomminnyon overseas was held.

Palestinian Ambassador Speaks at Reception

SK1608053591 Pyongyang KCNA in English
0416 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—The diplomatic corps in Korea arranged a reception in honor of His Royal Highness Samdech Norodom Sihanouk, chairman of the Supreme National Council of Kampuchea, on a visit to the DPRK, at the Pyongyang Koryo Hotel Thursday evening.

Invited there were his Royal Highness Samdech Norodom Sihanouk and madame and his party.

Vice-Minister of Foreign Affairs Cho Kyu-il and officials concerned were also invited.

Diplomatic envoys to Korea were present.

Palestinian Ambassador Mustafa al-Safarini, doyen of the corps, made a speech at the reception.

Then followed a speech of Samdech Norodom Sihanouk.

The reception proceeded in a friendly atmosphere.

President Visits Norodom Sihanouk at Guesthouse

SK1608105691 Pyongyang KCNA in English
1048 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—The great leader President Kim Il-song today called on visiting H.R.H. [His Royal Highness] Samdech Norodom Sihanouk, chairman of the Supreme National Council of Cambodia, at the guest house.

He was greeted at the guest house by H.R.H. Samdech Norodom Sihanouk and Madame and his entourage.

President Kim Il-song had a warm and friendly talk with Samdech Norodom Sihanouk.

Envoy Meets United Left of Peru Party Chairman

SK1608105391 Pyongyang KCNA in English
1024 GMT 16 Aug 91

[Text] Pyongyang August 16 (kcna)—Hurtado Pozo, chairman of the United Left of Peru, voiced full support and firm soildarity for the statements issued by the Foreign Ministry of the DPRK on Korea's entry into the United Nations and the denuclearisation of the Korean peninsula, saying that they reflect positive efforts of the DPRK for reunification and peace of Korea.

When he met with the charge d'affaires ad-interim of the DPRK Embassy in Peru on August 7, he said that the socialism of Korea gives an inspiration to the communists of Peru, adding that socialism continues to advance triumphantly in Korea.

Daily Dedicates Article to Congolese Holiday

SK1608054191 Pyongyang KCNA in English
0421 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—Papers here Thursday dedicate articles to the national holiday of the Congo.

MINJU CHOSON in a signed article says that the independence of the Congo was an event of great significance in the history of the Congolese people.

It points out:

After the independence the Congolese people have made a great progress in the struggle to safeguard the gains of revolution and build an independent national economy, courageously repulsing the repeated subversive activities and sabotages of the enemies within and without.

The government of the Congo is externally pursuing the policy of non-alignment and strengthening friendship and solidarity with the African people.

The Korean and the Congolese people are closely linked with each other for the commonness of their past lot and their struggle for independence against imperialism today.

Our people will in the future, too, make every effort to upgrade the friendly relations with the Congolese people on the basis of the idea of independence, peace and friendship.

Dailies Mark Indian Independence Anniversary

SK1608054691 Pyongyang KCNA in English
0424 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—Papers here Thursday dedicate articles to the 44th anniversary of the independence of India (August 1947).

NODONG SINMUN in a by-lined article says that after the independence the Indian people have waged an energetic struggle to do away with the consequences of the colonial rule in all provinces of social life.

India is striving for the strengthening and development of the Non-Aligned Movement and the conversion of the Indian Ocean into a peace zone, the paper notes, and continues:

The favourably developing friendly and cooperative relations between Korea and India tally with the desire and aspiration of the two peoples who are endeavouring to consolidate peace and security in Asia and build a new society.

The Korean people will in the future, too, work hard to develop the friendly and cooperative relations with the Indian people in accordance with the idea of independence, peace and friendship.

MINJU CHOSON in a signed article says that the Korean people wish the Indian people greater success in their struggle for the independent development and prosperity of the country on the occasion of their significant holiday.

President Sends Greetings to Indonesian President

SK1608110591 Pyongyang KCNA in English
1050 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to Suharto, president of the Republic of Indonesia, on the occasion of the 46th anniversary of the independence of Indonesia.

President Kim Il-song wished the president and people of Indonesia greater success in the work for the independent development and prosperity of the country.

He expressed the belief that the friendly and cooperative relations between the two countries will grow stronger and develop.

President Sends Greetings to Gabonese President

SK1608111191 Pyongyang KCNA in English
1052 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to El Hadj Omar Bongo, president of the Gabonese Republic, on the 31st independence anniversary of Gabon.

In the message president Kim Il-song expressed the belief that the friendly relations between the two countries would further develop and wished the Gabonese president and people greater success in their efforts for the national unity and prosperity of the country.

Yun Ki-pok Addresses Panmunjom Meeting

SK1608063691 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 15 Aug 91

[Keynote speech by Yun Ki-pok, chairman of the DPRK headquarters for the Pan-National Alliance for National Reunification (Pomminnyon) and chairman of the Committee for the Peaceful Reunification of the Fatherland (CPRF), at the meeting of the second pan-national rally for peace and national reunification held at Tongilgak in the DPRK side of Panmunjom on the morning of 15 August—recorded]

[Text] Dear representatives: At this very emotional time when an ardent desire for national reunification is growing stronger than ever in the North and South and abroad and when all the fellow countrymen are engaged in a nationwide struggle to brilliantly decorate the 1990's as a decade of reunification, we are now holding the second round of the historic pan-national rally.

According to what has just been confirmed, right at this minute, the second pan-national rallies are being held splendily even in Seoul and Tokyo, Japan, in defiance of the obstructive maneuvers of the splittists within and without, according to the decisions made at the Berlin preparatory meeting. [applause]

First, I offer my warm congratulations to the second pan-national rallies that are now being held in Seoul and Tokyo, even amid the splittists' brazen-faced plots and maneuvers and indiscriminate suppressions. At the same time, I extend my warm, wholehearted compatriotic greetings to the reunification and democratic figures, youth, and students in South Korea, and to overseas patriotic figures aspiring for reunification who are attending the rallies in Seoul and Tokyo only out of an unshaking faith and will to build a reunified fatherland free from subordination and sufferings caused by division. [applause]

Attending this significant rally today are the Phoenixes of reunification, Pak Song-hui and Song Yong-sung, delegates of the National Council of University Student Representatives [Chondaehyop], the steely national salvation ranks, and overseas youth and student representatives who are now on a visit to Pyongyang and who are taking part in the great Mt. Paektu-Mt. Halla march for national reunification, following their participation in the historic Berlin tripartite working meeting of the youth and students in the North and South and abroad at the risk of their lives. [applause]

In the name of this rally, I warmly welcome the proud Chondaehyop delegates and overseas youth and student representatives who are attending this rally in the spirit of perseverance and unshaking will to reunification, spirit and will that would break rather than bend. [applause]

The second pan-national rally for national peace and reunification is being held partly here in Panmunjom and in Seoul and Tokyo instead of being held in Seoul as planned. However, the rally is being held splendidly simultaneously in the North and South and abroad. This is a great victory of the reunification forces against the splittist forces. [applause]

The second pan-national rally that is being held simultaneously in the North and South and abroad has proven once again that the people aspiring for reunification share one desire, will, and mind. It will be brilliantly recorded in the history of our people's reunification movement as a meeting of national unity, as well as a meeting of reunification, as it has persuaded all the people in the country to vigorously join in a nationwide movement for reunification. [applause]

We, the participants in this meaningful rally, are now looking back, with emotion, on the days of last year, when delegates from the North and South and abroad gathered in one place at Panmunjom for the first time in 45 years since national division and held the first pan-national rally. They agreed on national tasks and ways of common struggle for the nation that are designed to promote peace and the country's peaceful reunification, and they have struggled since then for their realization.

Over the past year since the first pan-national rally, the reunification forces in the North and South and abroad have led a genuinely arduous struggle. In the process, they have achieved valuable successes that cannot be traded for anything.

The fact that the compatriotic forces aspiring for reunification in the North and South and abroad formed the Pan-National Alliance for National Reunification, or Pomminnyon, as the nation's common organization devoted to the reunification movement, is the most noble fruition borne in the struggle to realize the decisions made at the first pan-national rally. [applause]

Since the first pan-national rally, the patriotic reunification forces in the North, the South, and overseas have pushed forward in a full-fledged manner the work of forming Pomminnyon every place where our compatriots live. With the holding of the tripartite working talks for Pomminnyon in Berlin last December, the birth of Pomminnyon was proclaimed to the entire world. [applause]

The birth of Pomminnyon is an epoch-making occasion laying a new foundation for achieving reunification. Pomminnyon is a pan-national body for the reunification movement comprising all the parties, factions, strata, and people in the North, the South, and overseas who desire to reunify the fatherland. Its formation was an event of special significance in the history of our nation's reunification movement. [applause]

The birth of Pomminnyon was a historic event that loudly declared that the Korean nation itself—the patriotic reunification forces in the North, the South, and overseas—proudly emerged as the master in the solution of the reunification issue and as the main force in the cause of fatherland reunification. [applause]

With the proclamation of the birth of Pomminnyon, the patriotic reunification forces in the North, the South, and overseas vigorously pushed ahead with the great march movement of the nation to expedite and achieve reunification in the 1990's in a pan-national manner and in such a way as to induce mass participation. At the same time, they have waged a vigorous struggle to systematically form Pomminnyon organizations by regions and to expand and develop them.

With the energetic activities of the patriotic reunification movement, the overseas headquarters of Pomminnyon was formed in Berlin in December last year. The North side's headquarters of Pomminnyon was formed in Pyongyang last January, and the overseas branches of Pomminnyon were formed by regions in Japan, Europe, the American continents, Canada, Australia, the Soviet Union, and China.

The formation of an overseas headquarters of Pomminnyon accelerates the reunification movement systematically. With it and the headquarters in the North and the regional branches, the reunification movement, which had been conducted separately, came to be conducted on an pan-national basis at a unified pace and in an organized manner. Our compatriots, who were alienated and had even confronted each other because of different ideologies, assertions, and political views, achieved a great unity under the banner of Pomminnyon and came to act in solidarity and alliance with each other. Even the compatriots who had remained aloof from and were negative about the reunification movement actively joined the ranks of the pan-national reunification movement under the banner of Pomminnyon.

Although less than a year has passed since the proclamation of the birth of Pomminnyon, it has firmly rallied the patriotic reunification forces of broad strata. It has powerfully aroused them into the sacred struggle for fatherland reunification, thereby becoming a pan-national alliance for the reunification movement which speaks for the entire nation's yearning and will for reunification. It is an authoritative organization for the reunification movement which leads it for the people of all strata. [applause]

In particular, with the formation of Pomminnyon, the reunification forces overseas, which had conducted the reunification movement separately in many regions, became united in one, emerging as a powerful patriotic reunification force sharing a proud part in the reunification movement along with the reunification forces of the North and the South.

In the days of the struggle to implement the resolution of the first pan-national rally, the patriotic reunification forces in South Korea had to struggle in a particularly difficult environment. Since the first round of the pan-national rally and the tripartite working talks in Berlin, the patriotic reunification forces in South Korea vigorously pushed ahead with the work of forming the South side's headquarters of Pomminnyon—the patriotic reunification body which is ready to devote everything to the reunification of the fatherland—and steadily conducted the preparatory work to hold the 91 Seoul pan-national rally.

The patriotic democratic figures for reunification in South Korea, including Reverend Mun Ik-hwan, waged a persistent struggle with an indomitable resolve under the worst and most difficult conditions that continued with such suppressive maneuvers as mass arrests and authorities blocking the movement at its source. Finally, last January, the patriotic democratic figures were able to form the preparatory committee for the formation of the South side's headquarters of Pomminnyon comprising some 60 organizations in South Korea, including the National Democratic Alliance of Korea [Chonminnyon] and Chondaehyop. [applause]

The inauguration of the preparatory committee for the South side's headquarters of Pomminnyon in South Korea was the first success attained in the struggle to organize the South side's headquarters of Pomminnyon and to expand and develop the reunification movement. [applause]

After forming the preparatory committee for the South side's headquarters of Pomminnyon, the patriotic reunification and democratic figures in South Korea have united all patriotic reunification forces aspiring to national reunification behind the banner of Pomminnyon. Thus, they have vigorously pushed ahead with the work of firmly laying its mass foundation.

In particular, Reverend Mun Ik-hwan, assuming the important post as chairman of the preparatory committee for the South side's headquarters of Pomminnyon, toured many places in South Korea as soon as he was released from the prison in defiance of his old age and weak body. He carried out activities without sleep and rest to inspire the people from all social strata to the reunification movement.

Thanks to the persistent and tenacious struggle of indomitable reunification and democratic forces in South Korea, the work of forming the South side's headquarters of Pomminnyon is being carried out full scale. The formation of the South side's headquarters of Pomminnyon will be declared in the near future. [applause]

Rejecting repeated obstructionist manuvers of the South Korean authorities, the patriotic reunification and democratic forces in South Korea have persistently carried out the struggle to hold the second pan-national rally for peace and reunification of the fatherland and the grand 15 August reunification festival of youth and students in the North, the South, and overseas in Seoul.

The patriotic reunification and democratic forces in South Korea, including Chonminnyon and Chondaehyop, resolved to attend the first round of preparatory meetings held in Berlin in order to realize the 1991 Seoul pan-national rally. As they were unable to attend due to

the authorities' hindering maneuvers, they promoted the holding of the second round of preparatory meetings in Seoul. They exercised every effort to realize the visit to Seoul by delegates from the North side and overseas.

Since the people's struggle for national reunification has been vigorously carried out full scale in the North, the South, and overseas and since the interest of the people at home and abroad in the second pan-national rally has increased, the South Korean splittist forces, embarrassed by this, have frantically ran amok to repress the patriotic reunification forces and to rupture the pan-national rally.

The anti-reunification forces in South Korea, who have regarded as a thorn in their side from the outset the birth of Pomminnyon and the preparatory committee for the South side's headquarters of Pomminnyon, maliciously declared that Pomminnyon is an illegal organization. They ran amok to indiscriminately obstruct the work of forming the South side's headquarters of Pomminnyon.

The splittist forces abruptly raided offices of the struggling organizations, including Chonminnyon and Chondaehyop which carried out and supervised the work of forming the South side's headquarters of Pomminnyon, and confiscated documents, thus kicking up a racket each day. They arrested and imprisoned the key members, including Reverend Mun Ik-hwan, who is the chairman of the preparatory committee for the South side's headquarters of Pomminnyon, and bound their hands and feet. As the result of this, the formation of the South side's headquarters of Pomminnyon, which was to be officially declared on 20 July, was miscarried. Thus, they unhesitatingly committed crimes.

Furthermore, the antireunification forces in South Korea raved that the second pan-national rally is an illegal rally and accords with the united front strategy. Thus, they checked the preparatory work for the rally and set various obstacles before it.

The South Korean authorities arrested at the airport the South side's delegates to the Berlin tripartite working-level conference who returned after having agreed to hold the second pan-national rally in Seoul. Besides, in June, they blocked the departure of the South side's delegates who were going to attend the preparatory meeting in Berlin for the 1991 Seoul pan-national rally. In July, they obstructed the participation of the delegates of our side and overseas in the second round of preparatory conference which was scheduled to take place in Seoul. Thus, they hindered the preparatory conference from being held as scheduled.

Furthermore, since the zeal of the people at home and abroad to realize the second pan-national rally has been enhanced, the South Korean authorities cunningly attempted to stage a deceitful political play called the grand reunification march.

With such a false deceitful drama, the anti- reunification forces in South Korea schemed to escape, even slightly, the responsibility for rupturing the 1991 Seoul pan-national rally. However, they merely exposed to the entire world their antinational, antidialogue, and antireunification position of running counter to the aspirations of the people.

In the long run, the splittist forces in South Korea could not break the ardent aspiration and firm will of the patriotic reunification forces who were striving to successfully hold the second pan-national rally for peace and reunification of the fatherland. Thus, in spite of the splittists' vicious hindering maneuvers, the second pan-national rally is being held splendidly here in Panmunjom, Seoul, and Tokyo, Japan. [applause]

This clearly shows that no matter how frantically the antireunification forces may run amok, they cannot repress the advance of the patriotic reunification forces who are developing and being strengthened each day. This also vigorously demonstrates the great victory of our Pomminnyon as a pan-national organization for the reunification movement embracing the people both at home and abroad. [applause]

Indeed, at never has there been a time such as today, when our people's struggle for the independent and peaceful reunification of the fatherland is being carried out on national scale on a firm organizational base. Never has there been a time such today, when all Korean compatriots in the North, the South, and overseas have vigorously risen in the movement for national reunification, overflowing with confidence and optimism.

Availing myself of this opportunity, I extend warm compatriotic support and encouragement from all the people in the northern half of the Republic to all youth, students, and people from all social strata in South Korea who are fighting on the road of reunification by dedicating their youth and lives and by cherishing unwavering faith and the will to expedite and achieve reunification in the 1990's even under daily increasing fascist oppression by the splittist forces. [applause] Delegates: The reunification of the fatherland, which our people have been ardently aspiring to, is drawing nearer each day, thanks to the persistent struggle of all fellow countrymen.

All Korean compatriots in the North, the South, and overseas, who have the national spirit, have pledged to make 1995—the 50th anniversary of national liberation and the 50th year of the nation's division—as the beginning year of reunification. They have risen as one in the pan-national struggle to achieve this.

The reunification movement, vigorously waged on a pan-national scale, faces a new turning point, and no force can block the grand torrential reunification march of the nation.

Thanks to the patriotic acts of the 70-year old Reverend Mun Ik-hwan, who resolved to dedicate everything to the cause of reunification, and of student Yim Su-kyong, the flower of reunification, the first breakthrough was

opened in the barrier of division. This breakthrough was opened more widely by the visit to the northern fatherland by student Pak Song-hui, another flower of reunification, and Song Yong-sung, a lion of reunification, who are the Chondaehyop delegates. [applause]

The support and encouragement to our people's just movement for national reunification from peaceloving people of the world are increasing with each passing day.

All these facts give new confidence and courage to our people who have risen in the sacred struggle for national reunification. However, this does not mean that peace and the peaceful reunification of the nation can be easily achieved by themselves.

The more highly the zeal of the people for reunification is enhanced in the North, the South, and overseas, and the more vigorously the reunification movement is carried out, the more viciously will the splittists at home and abroad wage antireunification maneuvers to maintain their vested interests. Thus, they are frantically running amok to reverse the trend of the time.

Although the South Korean authorities pay lip service to reunification, they have created, in actuality, a bloodthirsty political situation dominated by security affairs, far surpassing the era of the notorious Fifth Republic dictatorship. They adhere to cruel fascist repression in order to erase the reunification and democratic forces.

Ignoring the desire of all fellow countrymen who desire reconciliation and detente, the South Korean authorities have avoided taking practical steps to remove the political and military confrontation between the North and the South.

Moreover, the South Korean authorities who are blinded by recent developments in Eastern Europe have tried to resolve the reunification question by absorption and merger, and by enlisting cooperation from (?major countries) as another country has done, thereby aggravating the state of confrontation between the North and South.

This shows that peace in our country and its peaceful reunification can be realized only through a struggle aimed at frustrating and checking the splittists' antipeace and antireunification policy. National reunification is the most pressing national task, whose solution can no longer be delayed.

We should make the year 1995, the 50th anniversary of national liberation and the 50th anniversary of national division, the first year of national reunification, without fail. [applause]

The great leader Comrade Kim Il-song has taught: We should not allow the division of our country to continue longer than half a century and should achieve the historic cause of national reunification within a few years in the near future.

Whether we will be able to realize the cause of reunification before the end of 1995, the year we have resolved to make the first year of national reunification, depends entirely on how our people, the driving force behind reunification, achieve great national unity and how they struggle.

The Berlin preparatory meeting for the Second Pan-National Rally held last July for the purpose of expediting the great national march toward reunification before the end of the 1990's decided that key issues to hastening peace in the country and its peaceful reunification such as confirmation of the way of reunification common to the nation, the realization of great national unity, and the turning of the Korean peninsula into a nuclear-free, peace zone are to be the basic agenda at this rally.

As it was impossible to hold the Second Pan-National Rally in Seoul as planned, the North side's headquarters of Pomminnyon held a serious discussion of these issues in a great debate meeting on 12 August in Pyongyang.

Based on the opinions expressed and discussed in the above debate meeting, I am now going to mention a few measures designed to hasten national reunification.

The first concerns ways to ease tensions and ensure peace in our country. For nearly half a century our people have lived in constant danger of war and have never enjoyed genuine peace for even a moment. It really is regrettable that many countries and peoples have pursued prosperity while enjoying peace all these years, while our people have had no choice but to live in tension and uneasiness, similar to an atmosphere of war, for decades, wasting valuable wealth on confrontation.

Our people should use their own efforts to keep outside forces from turning their country into a wretched nuclear war zone, attain durable peace, and make all the people in the country live harmoniously in a reunified fatherland, enjoying peace.

Peace in our country is a precondition for reunification. Without peace, it is impossible to conceive of peaceful reunification. In order to ease tensions and ensure peace on the Korean peninsula, it is imperative for the North and South to adopt a declaration of nonaggression between them before anything else.

Since our people, who have lived together for a long time—more than 5,000 year—as a kindred people, have no inevitable reasons for which to go to war against each other, and they do not want war and instead hope for peace, they have no justification for refusing to adopt a declaration of nonaggression, pledging not to invade the other side.

If and when the declaration of nonaggression is adopted and arms reduction is realized between the North and South, there will arrive a new era free of such things as the threat of southward invasion or northward invasion, and our people will eventually end up with a reliable guarantee for realizing peaceful national reunification.

We have repeatedly proposed to the South side an adoption of a declaration of nonaggression. At the North-South high-level talks last year we brought a draft of a North-South nonaggression declaration for discussion and strongly called on the South side to agree to it.

However, the South Korean authorities stubbornly refused to adopt the nonaggression declaration, arguing that confidence-building measures should be taken before adopting the nonaggression declaration. This is nothing but an excuse to avoid adopting the nonaggression declaration.

Confidence-building and the nonaggression declaration are not separate issues that must be discussed according to merit. There is no better way to build confidence than by adopting the nonaggression declaration, by which the North and South make a firm promise not to invade the other side by force, thereby throwing away swords that the two sides have hidden in their sleeves.

This notwithstanding, the South Korean authorities have opposed the adoption of nonaggression declaration while babbling about confidence-building. This shows that they are actually pursuing confrontation and war while paying lip service to detente and peace.

If the South Korean authorities have the least concern about the fate of the nation, they should respond, without delay, to our proposal for adopting the nonaggression declaration as unanimously demanded by all the fellow countrymen instead of trying to delay its adoption on unreasonable excuses.

In order to ensure lasting peace in our country, it is imperative to withdraw U.S. troops and nuclear weapons from South Korea. [applause] As long as U.S. troops and nuclear weapons deployed in South Korea are left intact, it is impossible to ease tensions in our country, or achieve national reunification, or keep our people from nuclear holocaust.

This is evidenced by the fact that no sooner had the war in the Persian Gulf ended than the United States began spreading rumors that the Korean peninsula is the region where the danger of war is most imminent and that it has even worked out what is known as 120-day war scenario simulating an invasion of the northern half of the Republic.

That the United States has recently called for an inspection of our non-existent nuclear facilities cannot but be seen as nothing but a very dangerous stratagem of seeking to cook up an excuse to strike at us.

We strongly insist that the United States accept the proposal of our Republic's Government for replacing the Korean Military Armistice Agreement with a peace agreement, to come to the table of Korea-U.S. [Chomi] negotiations, and withdraw its troops and nuclear weapons from South Korea. [applause]

At the same time, we again insist that the United States, if it has the least interest in removing the nuclear danger in Northeast Asia, open its nuclear weapons and nuclear bases in South Korea to international inspection as a matter of course, instead of just insisting that we, who have neither the intention nor the ability to produce nuclear weapons, agree on nuclear inspection. [applause]

Second, in order to hasten national reunification, it is imperative to finalize the way of reunification common to the nation at the earliest possible date. Since national reunification is an urgent matter that must be settled in the next few years rather than a distant one, not even a forward step can be taken toward reunification unless an agreement on the method of reunification is reached.

Although various forms of dialogue have been conducted and a host of proposals have been discussed between the North and South, they have not borne any fruit at all, because no way of reunification common to the nation has been worked out. Considering the importance and urgency of the issue of finalizing the way of reunification common to the nation, we have put forward this year a proposal for holding a political consultative conference for national reunification and have made every sincere and patient effort possible to realize it.

As there are different systems in the North and South, we consider that to reunify the country through confederation based on one nation and one state, two systems and two governments on the principle of neither side conquering or being conquered by the other is the most realistic and fairest way of reunification and the proposal for founding the democratic confederal republic of Koryo on the basis of this principle is the most rational one. But, for easily achieving the national agreement on the way of reunification, we expressed the generous and flexible stand that we are ready to discuss the question of gradually completing reunification through confederacy in such a manner as to temporarily give greater powers to the regional autonomous government and further increase the function of the central government in the future. [applause]

Recently, we have manifested our readiness to discuss at the same time the proposals made by the South Korean authorities and various political parties and opposition political organizations of South Korea, in addition to our proposal for drastically paring down the scale of the political consultative conference for reunification.

This is an expression of our sincere effort to resolve the issue of finalizing the way of reunification common to the nation at the earliest possible date at any cost. [applause]

Availing myself of this opportunity, I once again earnestly call for convening a political consultative conference for national reunification in which the authorities and representatives of political parties and public organizations in the North and South would participate at an early date to finalize the way of reunification common to the nation. [applause]

Third, for an earlier realization of national reunification at present, it is imperative to actively develop talks for reunification. As is widely known, the reunification question is an important national issue, related as it is to the nation's destiny and the interests of the entire nation, as well as a pan-national cause that must be settled on the strength of the pooled opinion of all the classes and sectors in the North and South. So, talks between the North and South aimed at settling the reunification question should become a multifaceted and broader one in which not only the authorities, but also representatives of political parties, public organizations and all walks of life.

If the authorities or any specified sector are bent on monopolizing talks, it will be a self-righteous act negating the essential ideals of the talks. On the contrary, if anyone is reluctant to hold talks, it will be equivalent to avoiding one's obligations for the settlement of the reunification question.

The South Korean authorities should abandon their self-declared claim that the government is the sole channel for talks with the North and open wide the door to independent contacts and talks for political parties, public organizations, and people from all walks of life.

The political parties, groupings, people from all walks of life in South Korea, aware of the noble mission and responsibility they bear in settling the reunification question, take an active part in the independent civilian contacts and talks between the North and South.

We will, as in the past, actively develop all forms of talks, including talks between the authorities and civilian talks, political, and nonpolitical talks, bilateral talks and multiparty talks. [applause]

Fourth, in order to realize ahead of schedule the independent and peaceful reunification of the fatherland, our nation's great unity must be achieved.

The respected and beloved leader President Kim Il-song has taught: What is firstly, secondly, and thirdly important in realizing the cause of reunification of the fatherland is to achieve the great national unity.

Without the great national unity we can by no means think about achieving the independent and peaceful reunification of the fatherland. The great national unity is a fundamental prerequisite and fundamental substance in reunifying the fatherland in an independent and peaceful way.

All the Koreans in the North, South, and overseas who truly hope to achieve the reunification of the fatherland should put the common interests of the nation above all; pool their will and strength; support and encourage each other; and take a joint step and a joint action in the struggle for reunification of the fatherland by transcending differences in ideology, political opinion, and religious belief. [applause]

In order to achieve great national unity, it is necessary to abolish at once the antinational and antireunification National Security Law in South Korea which obstructs the nation's unity. [applause]

The National Security Law regards fellow countrymen as enemies. It also defines fellow countrymen as targets to overthrow and regards people who meet with fellow countrymen as traitors and criminals without giving any reason. If the National Security Law remains as it is the nation's unity cannot be achieved and we cannot even think about the nation's peaceful reunification. All the Koreans in the North, South, and overseas must carry out active struggle to abolish the National Security Law which obstructs our great national unity. [applause]

What is an especially important significance in achieving the great national unity at this time is to strengthen Pomminnyon, a national common body for the reunification movement. Pomminnyon was formed due to the joint efforts of all the patriotic organizations of the North, South, and overseas that strive for the nation's independent and peaceful reunification and the people from various walks of life. Its basic mission is to reunify the fatherland based on the three-point principle of sovereignty, peaceful reunification, and great national unity and to concentrate the will of the fellow countrymen of the North, South, and overseas for reunification. This is an all-national reunification movement organization that speaks for their intent and will.

All the pro-reunification and patriotic forces in the North, South, and overseas must firmly unite as one under the banner of Pomminnyon so that the movement to achieve the reunification of the fatherland can be expanded and developed into a higher level. [applause]

At this time, a pending issue in strengthening Pomminnyon is to guarantee the reunification activities of Pomminnyon. This can be carried out by accelerating the work to form the South side's headquarters of Pomminnyon which is being delayed due to the persistent obstructive maneuvers of the antireunification force.

The fellow countrymen in the North, South, and overseas must resolutely divulge and criticize the South Korean authorities' criminal maneuver of trying to prevent the work to from the South side's headquarters of Pomminnyon, and must all the more vigorously carry out the struggle to release figures such as Rev. Mun Ik-hwan, student Yim Su-kyong, Fr. Mun Kyu-hyon who had visited the North, and all imprisoned reunified and democratic figures and patriotic youth and students in South Korea such as students Im Chong-sok, Song Kap-sok, and Kim Chong-sik, who were chairmen of Chondaehyop. [applause]

Representatives:

Reunification, which is a desire of our nation is not a dream but a reality which is coming near. Achieving reunification is the most important responsibility which our generation must carry out before the nation and a

resolute desire of the whole nation which is thirsting for the reunification of the fatherland so anxiously that every day of waiting seems a thousand years long.

We must be deeply aware of this kind of national sense of mission; must not prolong the tragedy of national division for more than half a century; and must vigorously establish a reunified fatherland in the near future. [applause]

We are pulsating with the thorough sovereign spirit of pioneering the nation's fate in an independent way, and amid the blood-stained struggle to achieve the reunification of the fatherland we are possessed with a firm patriotic will and faith. [applause]

All the Koreans at home and abroad should firmly unite as one and contribute to accomplishing the cause of the reunification of the fatherland ahead of schedule by those who have strength devoting strength, those who have knowledge dedicating knowledge, and those who have money donating money, thus making the nineties the glorious decade of the reunification of the fatherland. [applause]

Our nation's just and patriotic cause for the reunification of the fatherland will be achieved without fail and our people will enjoy a harmonious and happy life under one Korea and a reunified fatherland for sure. [applause]

Let us all further vigorously carry out the grand march of the nineties for reunification so that that historic day can be achieved ahead of schedule. [applause]

Hurrah to the victory in the cause of the independent and peaceful reunification based on the great national unity!

Development of Ideological Consciousness Viewed

SK1608114791 Pyongyang KCNA in English 1054 GMT 16 Aug 91

["Ideological Remoulding Is First and Foremost Task in Giving Full Play to Advantages of Socialism"—KCNA headline]

[Text] Pyongyang August 16 (KCNA)—Socialism is steadily developing, giving full scope to its advantages in our country as our party places main stress on the work of remoulding and setting in motion man's ideological consciousness in a revolutionary manner, says NODONG SINMUN today in a by-lined article.

The article quotes the dear leader Comrade Kim Chong-il as saying:

"All the facts clearly show that to place main stress on the work of remoulding and setting in motion man's ideological consciousness in a revolutionary way to suit his essential character as a conscious social being is the way to successfully build socialism suited to the intrinsic demand of man and bring its advantages into full play."

To place main stress on the work of remoulding and setting in motion man's ideological consciousness in a revolutionary way is a question of principle arising in successfully building socialism and giving full scope to its advantages.

It is because this work helps increase the might of the driving force of revolution, the motive force of socialist construction, in every way and enhance its role.

Only when the might of the driving force of revolution is steadily strengthened and its role enhanced, can the work of nature-remaking, man's remoulding and social transformation be successfully carried on in conformity with the requirement of chuche and the popular masses' cause of independence be accomplished. The dynamic progress of the cause of socialism in our country lies in that our party places main stress on the work of remoulding and setting in motion man's ideological consciousness in a revolutionary manner.

Placing main stress on the work of ideological remoulding is the first and foremost task to give full play to the superiority of our-style socialism first of all, because it makes the popular masses enhance their position befitting masters in every way.

The position of the working people as masters should constantly be enhanced to bring the advantages of our-style socialism into full play.

Unless the popular masses are armed with revolutionary idea, they will be split, not uniting ideologically and purposely, and it will be impossible to defend and glorify the gains of revolution.

One of the essential advantages of our socialism lies in that it is a society of greatest vitality which gives full play to the creative power of the popular masses.

What is the main in enhancing the creative role of the people is to remould their ideological consciousness in a revolutionary manner.

Our party has consistently intensified the work of arming the people with the chuche idea ahead of other work. Thus our people are, conscious of being masters of the revolution, fully playing their role.

It is also because this work makes it possible to establish the habit of collectivist life throughout society in which everyone helps and leads each other along.

Another advantage of our socialism is that the collective demand of the people is well met to thoroughly establish throughout society the traits of collectivist life in which people help and lead each other along.

Reunification Cultural Festival Held 15 Aug

SK1608054391 Pyongyang KCNA in English
0448 GMT 16 Aug 91

[Text] Panmunjom August 15 (KCNA)—The August 15 cultural festival for reunification was held by participants in the second pan-national rally and students in the North, South and overseas on the ground in front of Panmun House on August 15.

Present at the festival were vice-chairman of the North side's headquarters of the Pan-national Alliance for the Country's Reunification Yo Yon-ku, chairman of the Korean Students Committee Choe Hyon-tok, participants in the second pan-national rally, North side's delegates to the grand reunification festival of students in the North, South and overseas, delegates of South Korean Chondaehyop [National Council of University Student Representatives] Pak Song-Hui and Song Yong-sung and delegates of overseas compatriots.

The cultural festival was held in the form of a joint performance and the participants formed ranks like a train and went round the festival ground, expressing their burning desire for national reunification.

Meanwhile, delegates to the second pan-national rally and the grand reunification festival of students in the North, South and overseas held a memorial service for South Korean patriotic martyrs and planted trees in Panmunjom.

Special Prayer Meeting Urges Reunification

SK1608054291 Pyongyang KCNA in English
0418 GMT 16 Aug 91

[Text] Pyongyang August 16 (KCNA)—A special prayer meeting of Korean Roman Catholics urging national reunification was held at Changchung Cathedral in Pyongyang on August 15.

It was participated in by believers in Pyongyang and representatives of laymen in local areas, overseas Korean believers and foreigners.

Cha song-kun, vice-director of the Changchung Cathedral, in his preach stressed that achieving great unity of our nation conforms to the basic ideal of the Roman Catholics who regard affection, concord and unity as their life and soul and it is the cornerstone and a decisive guarantee for national reunification.

He expressed the firm belief that all the Roman Catholics in the North, South and overseas will take an active part in the nation-wide struggle to strengthen nation-wide solidarity for national reunification, frustrate the manoeuvrings of the antireunification forces for permanent division of the nation and the provocation of a new war, make the U.S. troops and nuclear weapons withdraw from South Korea and turn the Korean peninsula into a nuclear-free, peace zone.

KCNA Reviews 16 Aug Pyongyang Press

SK1608121391 Pyongyang KCNA in English
0959 GMT 16 Aug 91

[Press review]

[Text] Pyongyang August 16 (KCNA)—NODONG SINMUN today frontpages news that the Chinese PEOPLE'S DAILY and the XINHUA News Agency reported about the great leader President Kim Il-song's on-the-spot guidance to various domains of the national economy in South Hamgyong Province.

Carried in the paper are a message of greetings to President Kim Il-song of the Democratic People's Republic of Korea from Hafiz al-Asad, president of the Syrian Arab Republic, on the occasion of the month of anti-imperialist joint struggle. Also seen there is news that he received solidarity letters from crewmen of foreign ships in support of the joint statement of the DPRK political parties and public organizations in regard to the denuclearization of Korea.

Rounded up in the press are words of the South Korean people highly praising President Kim Il-song as benefactor of the country's liberation.

NODONG SINMUN comes out with an article telling about the battle in Fusong County seat organized and commanded by President Kim Il-song (August 17, 1936) during the anti-Japanese armed struggle.

Seminars on "Our Socialism for the People Will Not Perish," a work of the dear leader Comrade Kim Chong-il, were held in Zimbabwe and Portugal, says the press.

Econews of the press includes reports that the production of iron and steel and cement is going up.

"Ideological Remoulding Is First and Foremost Task To Give Full Play to Advantages of Socialism" is the title of a NODONG SINMUN article.

Figuring large in the press are an account of the grand Panmunjom meeting of the Second Pan-National Rally for the Peace and Reunification of the country, a report delivered by Yun Ki-pok, chairman of the North side's headquarters for the Pan-National Alliance for the Country's Reunification [PNACR], at the meeting, a joint resolution, an appeal to Koreans at home and abroad, a letter to the authorities in the North and the South, a special resolution urging the release of Mun Ik-hwan, Yim Su-kyong and other visitors to the North, and letters to the U.N. secretary general and the U.S. President which were adopted at the meeting.

The August 15 cultural festival of the participants in the Panmunjom meeting and students of the North, the South and overseas for reunification was held, a memorial service took place for patriotic martyrs of South Korea and trees were planted there, says the press.

The papers convey accounts of the Panmunjom reunification talks of students in the North, the South and

overseas for an agreement on the reunification proposal, peace of the country and great national unity and a joint resolution adopted at the talks.

Carried in the press is a joint statement issued by the North side's headquarters of the Pan-National Alliance for the Country's Reunification and the Korean students Committee in connection with the fact that the 91 Pan-National Rally and the Grand Festival of Students for Reunification were held separately in Panmunjom, Seoul and Tokyo, as it was impossible to have them in Seoul owing to the obstructive moves of the South Korean authorities.

The members of the Mt. Paektu-Mt. Halla grand march squad for the promotion of national reunification went out to Panmunjom to wage a struggle to go to Seoul, according to the press.

The papers inform the readers that the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK laid wreaths at the Revolutionary Martyrs Cemetery on Mt. Taesong, the Liberation Tower and in the Cemetery of Men and Officers of the Soviet Army on the occasion of the 46th anniversary of the liberation of the country.

The diplomatic corps in Korea gave a banquet for His Royal Highness Samdech Norodom Sihanouk, chairman of the Supreme National Council of Cambodia, on a visit to Korea, says the press.

A meeting of representatives of overseas headquarters of the PNACR was held in Tokyo, an evening festival of the pan-national rally was held with the presence of more than 20,000 people at Kyonghui University in Seoul, the participants in the rally adopted a resolution calling for the withdrawal of the U.S. troops and national reunification through confederacy, according to the press.

The papers carry a memorandum released by the Korean Anti-Nuke Peace Committee and the Korean National Peace Committee in connection with the fact that voices are growing stronger planetwide demanding the withdrawal of the U.S. nuclear weapons from South Korea and making the Korean peninsula a nuclear-free zone.

NODONG SINMUN in a commentary denounces the United States for taking issue with us, raising a hue and cry over the "Nuclear Threat of the North".

Foreign news columns of the press includes reports that the plenary meeting of the Central Committee of the Lao People's Revolutionary Party was held, the Malaysian prime minister exposed the moves of the West for colonial revival and victims in the Asian and Pacific countries and regions demanded compensation from Japan.

MINJU CHOSON carries an article condemning the United States as a violator of the nuclear non-proliferation treaty.

South Korea

North, South Prime Ministers To Meet 27-30 Aug

SK1608092391 Seoul YONHAP in English 0901 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (YONHAP)—South and North Korea agreed Friday that their prime ministers will meet as scheduled on Aug. 27-30.

In a third round of working-level talks on resumption of the premiers' meeting, it was agreed the working-level contacts had helped each side understand the positions and proposals of the other side.

Meeting behind closed doors in Peace House in the southern sector of Panmunjom, they were unable however to reach any compromise on an adoption of agreements in the talks.

The South Koreans were Vice Unification Minister Song Han-ho and Yim Tong-won, chancellor of the Foreign Ministry's Institute of Foreign Affairs and National Security.

Sitting opposite them were Pak Nam-chun, director of the Committee for the Peaceful Reunification of Fatherland, and Ambassador-at-Large Choe U-chin.

There were sharp differences of opinion on how to coordinate the five draft agreements proposed by the two sides.

The South championed the idea of concluding a package deal of three accords—a basic agreement on improvement of South-North relations, a declaration of nonaggression and an agreement on travel, telecommunications and trade—and urged the North to directly enter full discussion of the contents of the accords.

The North Koreans labelled the two agreements an attempt to eventually absorb North Korea, however, and instead offered a declaration of nonaggression and an agreement on reconciliation, exchange and cooperation.

The communists insisted the plenary meeting should restrict itself to adoption of purely fundamental and symbolic agreements and leave practical and concrete matters to subcommittees.

The North also called for a declaration of nonaggression and another agreement that comprehensively cover only the identical parts of the five proposals made by the two sides.

On this idea, the South countered that any such agreement should contain provisions on mutual opening of broadcast and other media, exchanges of visits and mail by separated families, systematization of devices to guarantee peace, mutual exchanges of permanent representative offices and several other things.

Chondaehyop Instructs Delegates To Return Home

SK1608085191 Seoul TONG-A ILBO in Korean 16 Aug 91 p 2

[Text] The National Council of University Student Representatives [Chondaehyop] has instructed Miss Pak Song-hui and Mr. Song Yong-sung, delegates of Chondaehyop who are staying in North Korea to participate in the Students' Grand Reunification Festival of North and South, to return home after 17 September when North and South Korea simultaneously enter into the United Nations, it was learned on 15 August.

Chondaehyop on the evening of 13 August held its central committee meeting, decided that it is desirable to have Miss Pak and Mr. Song return home in September, and informed the North Korean side of this decision through facsimile in a third country.

Reunification Costs Estimated at $250 Billion

SK1608040991 Seoul YONHAP in English 0224 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (OANA-YONHAP)—Korean unification, if it copies after the German formula of absorption, is expected to cost South Korea 140 billion U.S. dollars for the first three years and at least 250 billion dollars to even out South and North Korean economy, a well-informed government official said Friday.

The plight of North Korean economy is more serious than generally known, the official said. Per capital income in the North is estimated at around 600 dollars rather than 1,000 dollars as believed, the official said on condition of anonymity.

Per capital income in South Korea totaled 5,569 dollars last year.

The Korea Development Institute (KDI) and 15 other government agencies have been working on a report since October last year that predicts economic consequences of Korean unification should it follow after the German formula.

One official at the KDI said the report will be formally released at the end of this month.

The report, when released, is likely to force the government to greatly modify its unification policies given the astronomical amount of money involved and difficulty in delivering the needed money so quickly.

About 140 billion dollars will be needed to supply basic food and medical care and to build infrastructure, the official said. This would be four times South Korea's Government budget for this year.

It would take between 250 billion to 300 billion dollars to pull up the North Korean economy to South Korean level by the year 2,000, the official predicted. The current economic condition in the North is close to early 1970s in the South, he said.

"Given the German example, North Korean industry would lose competitiveness after the country is unified and massive financial assistance in food and welfare would be inevitable," the official said.

"South Koreans must start thinking now about their financial burden from national unification," he pointed out.

The official at KDI said the researchers are still coordinating the details with the government side although the report is due to be released within this month.

"The economic burden is a highly sensitive issue. We must be careful not to over-or underestimate the expected costs. We must also be careful in predicting people's reactions," he said.

German-Style Reunification Not Favored in Poll

SK1608040491 Seoul YONHAP in English 0148 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (YONHAP)—Nearly 80 percent of South Koreans hope that reunification of South and North Korea will be realized through inter-Korean agreement instead of the German-style absorption of one half by the other, the vernacular daily HANGUK ILBO reported Friday.

Based on a poll it had conducted with the Munhwa Broadcasting Corp. and Media Research, a private polling organization, the paper said 78 percent of the 500 adults sampled in Seoul and five other major cities had supported "reunification through mutual negotiations and agreement."

Only 16.6 percent favored following the German example and a negligible 1.8 percent said the reunification could be achieved by resorting to by force. [sentence as received]

Nearly 60 percent of the respondents said utmost efforts should be made to minimize adverse effects even if it means delaying unification, while 26.8 percent said reunification should be hurried even though it might incur confusion and burdens on the Korean people. Almost 12 percent said it would not be necessary to promote reunification at the cost of confusion and burdens.

As for South and North Koreas' admission into the United Nations next month, 76.4 percent said it would contribute to national reunification, and facilitate inter-Korean exchange and negotiations.

The poll, conducted on Aug. 11, had a margin of error of plus or minus 4.3 percentage points, according to the poll taker.

What motivated the two halves of the peninsula to join the world body was North Korea's economic difficulties and internal changes triggered by isolation from the international community (27.2 percent), the East-West

detente and subsequent international changes (27 percent), South Korea's successful northern policy (21.6 percent) and progress in inter-Korean talks on reunification (19.2 percent), according to the poll.

When asked which foreign country could influence the Korean reunification most, 32.4 percent pointed at the United States, 32 percent the Soviet Union, 15.2 percent China, and 13 percent Japan.

About the difference in reunification formulas of South and North Korea, only 7.8 percent claimed full knowledge, while 53.8 percent said they had "limited knowledge" and 32.8 percent said "little knowledge."

N-S Teams To Compete in Table Tennis Meet

SK1608010491 Seoul YONHAP in English 1056 GMT 15 Aug 91

[Text] Seoul, Aug. 15 (YONHAP)—South and North Korean table tennis players who had played as team mates in the world table tennis championships in Chiba, Japan, in April will be foes in Beijing later this month as South and North Korea will participate in the 1991 Chiba open tournament from Aug. 25-28 separately.

The South Korean Table Tennis Association (KTTA) decided Wednesday to send a team to Beijing and formed the team mostly with players who had fought in China as the scheduled South-North Korean sports talks were postponed infinitely with recent defection of a North Korea judoka to the South.

Table tennis officials of the two Koreas have agreed to send single team in international events.

North Korea has called off the sports talks demanding that South Korea repatriate Yi Chang-su, 24, a silver medalist in the 1990 Beijing Asian Games. Yi left his team in Barcelona on Aug. 1 after competing in the 17th World Judo Championships.

The single Korean pingpong team produced bett- than-expected results in the world championships, including a gold medal in the women's team event.

The KTTA decided to participate in the Beijing tournament in consideration with the relations with China.

Kim Chung-yong, general manager of the national team, will head the eight-member South Korean delegation team, including three officials and six players. Yi Yu-song, who coached the single Korean team in Chiba, will be South Korean team's coach this time while five of the six players participated in the Chiba championships.

Meanwhile, North Korea will send 12 officials and players to Beijing, according to the China table tennis association.

Kim Tae-chung To Accompany No Tae-u to UN

SK1608010191 Seoul YONHAP in English 0801 GMT 15 Aug 91

[Text] Seoul, Aug. 15 (YONHAP)—Opposition New Democratic Party (NDP) President Kim Tae-chung said Thursday he made up his mind to accompany President No Tae-u to the U.N. general meeting next month to see South Korea and North Korea become U.N. members.

"Personally, I believe it appropriate to go to the U.N. General Assembly," Kim said in a message to celebrate the national independence day. "But I want to leave the matter to the party opinion, as I have said, so the Party Affairs Council will make the final decision on Monday."

He described the U.N. entry is a "pan-national fete" tantamount to Seoul's hosting of Olympics in 1988 which calls for attention from both ruling and oppostion parties.

USSR Scholar Views Future of North

SK1608081591 Seoul SEOUL SINMUN in Korean 11 Aug 91 p 3

[Interview with Natasha Bazhanov, chief researcher at the Oriental Studies Institute affiliated with the USSR Academy of Sciences, by SEOUL SINMUN on 10 August—place not given]

[Text] [SEOUL SINMUN] What can be regarded as the barrier to improving South-North relations?

[Bazhanov] The barrier is that South and North Korea are both looking with indifference toward each other's opinions. North Korea is worried that its system will collapse if exchange between South and North is carried out in full-scale. South Korea is worried that North Korea's political propaganda offensive will result in social disorder. However, the short cut to achieving reunification ahead of schedule is for South Korea which is in a superior position in every aspect, to resolutely take the initiative in improving relations.

[SEOUL SINMUN] There are different opinions between South and North Korea regarding the issue of reunification. What do you think is the reason for this and what are the future prospects regarding this matter?

[Bazhanov] Fundamentally, there is a great difference in viewpoint between the South and North. The South side is attempting to carry out a practical approach while the North side is planning for a more dramatic settlement.

However I believe that time will settle this issue. The different opinions by South and North will gradually be resolved under one voice through the principle of thesis-antithesis-synthesis. This kind of sign is already being shown gradually because North Korea joined the United Nations.

[SEOUL SINMUN] Apart from the past the Soviet Union's position is that it no longer unilaterally supports North Korea's reunification policy. Mrs. Bazhanov which reunification method do you favor?

[Bazhanov] Recently the Soviet Union does not unilaterally support any one side. Since the reunification issue is an issue of the Koreans, the Koreans themselves must reach a rational method for reunification through their own judgment. Personally I think that South Korea's gradual approach to reunification is rational.

[SEOUL SINMUN] It is a dominant opinion that due to the simultaneous entry into the United Nations of South and North Korea, it is inevitable that North Korea will open up. What do you think?

[Bazhanov] Since the collapse of Eastern Europe the world trend is toward openness. This kind of atmosphere has already flowed into the North side of the Korean peninsula, "the tundra country." The fact that North Korea joined the United Nations is a sign of openness. I wholly agree that North Korea must open up. However the time and speed is hard to estimate because there are many internal variables.

[SEOUL SINMUN] How much power does Kim Chong-il exercise and when will he be officially recognized as Kim Il-song's successor?

[Bazhanov] Kim Chong-il is already exercising absolute power. Kim Il-song is only advising him in carrying out the policies. In order for Kim Chong-il to be designated as the official successor, North Korea must receive informal consent from China which is regarded as the eldest brother of communism. However, mindful of international opinion, China is not allowing Kim Chong-il to visit China. Therefore it will take time to receive confirmation from China. Since this is only a procedural matter we regard succession of power as having already been achieved.

[SEOUL SINMUN] After it becomes definite that Kim Chong-il succeeds to power, do you think that Kim Chong-il will habe a stable regime? How do you think that father and son will deal with danger to its system after North Korea begins an open policy?

[Bazhanov] The Kim Chong-il regime will not have a firm basis for support compared with the Kim Il-song regime. However the Kim Chong-il regime will not face instability due to opposition within the party. Kim Chong-il has seized the military and the intelligence organizations and, even though it is unstable at this time, he also dominates the party. It is impossible to have a mass uprising or Romanian-style revolution for freedom in North Korea. If by any chance there is a change in power in North Korea, it will be due to a power struggle. However signs of this kind of mass revolution are not yet visable.

Seoul Reluctant on Military Accord With USSR

SK1608033091 Seoul THE KOREA HERALD in English 16 Aug 91 pp 2, 5

[The "News Analysis" column by staff reporter Kim Hye-won]

[Text] South Korea, conscious of its long-standing ally, the United States, seems shy of getting close to the Soviet Union "militarily."

The government has been reluctant to conclude the Soviet-proposed "treaty of good neighborhood and cooperation," according to Foreign Ministry sources yesterday.

Mainly because of Seoul's recalcitrance, the two governments have had no consultations on the accord though four months have passed since it was proposed by Moscow.

At the end of his brief encounter with President No Tae-u on Cheju, the southern island of Korea in April, Soviet leader Mikhail Gorbachev suddenly made the proposal.

"We are waiting for the Soviet Government's draft of the treaty," a senior ministry official said.

He said the Soviets are expected to present a draft as they are the one who proposed it. The Soviet Foreign Ministry is still working on the draft, he said, adding that it would take some more time for the Soviets to present their version to the Korean side since they need inter-ministerial consultations.

Chances are, therefore, very low that the foreign ministers of Korea and the Soviet Union would discuss the matter when they meet at the United Nations next month, he said.

The official said the two governments share the view that the friendship treaty should be free of any military contents.

However, when military matters are excluded, the treaty would not be much different from the "Moscow Declaration" which No and Gorbachev adopted last December in Moscow during the Korean President's visit, he said. The Korean and Soviet governments announced that No and Gorbachev agreed, in principle, to sign the agreement during their Cheju summit.

But the announcement drew instant criticism from opposition politicians and the public as well.

Opposition leader Kim Tae-chung said he was shocked to find that the government had sought to conclude a friendship treaty with the Soviet Union, a long-standing ally of North Korea.

Officials initially "proudly" billed the Soviet proposal as a major achievement of the Cheju summit, but soon changed its position to a cautious one.

They quickly said the government would decide whether to sign the treaty only after studying a Soviet draft and consulting with Seoul's allies, notably the United States and Japan.

President No joined the effort to ease the fracas and told a cabinet meeting soon that "the matter should be handled in a way that would positively affect bilateral ties as well as developments around the Korean peninsula."

What apparently worried government officials was the military implication of friendship treaties.

The Soviet government has attempted to secure security alliance through bilateral arrangements since the Warsaw system collapsed.

It concluded friendship treaties with several Western countries last year. Among them were the Treaty of Good Neighborhood, Partnership and Cooperation with Germany, the Treaty of Accord and Cooperation with France and the Treaty of Cooperation and Friendship with Italy.

These accords are different in general, include some military and security matters like a declaration of non-aggression and disarmament as well as general principles for promotion of cooperation in all fields.

Establishment of diplomatic relations with the Soviet Union was surely a success of South Korea's bold initiative in improving relations with socialist countries, but to sign a pact with military implications with the USSR is a different matter, officials said.

They pointed out that Moscow and Pyongyang are still bonded by the 1961 Treaty of Friendship and Mutual Assistance. North Korea is reported to heavily depend on the Soviets economically as well as militarily.

South Korea's security system, on the other hand, is largely dependent upon the United States under a 1953 mutual defense treaty. There are some 43,000 American troops in the South, 7,000 of whom are to be pulled out by the end of next year.

Trying to allay Seoul's worry, Soviet officials, including Ambassador to Seoul Oleg Sokolov, repeatedly stressed that the friendship treaty would not affect the existing security alliance between Seoul and Washington.

"The treaty we are talking about is in no way designed to be some kind of military pact or to cause any damage to the political and security arrangements which already exist between each of the sides and third parties," Sokolov once told a seminar in May.

"Rather we view it as further developing the Moscow Declaration and raising the political and legal basis of our relations to a new level which corresponds to their ongoing dynamism," the ambassador observed.

Foreign Minister Yi Sang-ok reportedly briefed U.S. officials on the Soviet bid when he visited Washington in early May. It was not known how American officials reacted to what Yi said.

Before President No Tae-u paid a state visit to the United States in early July, government officials said Washington would not oppose the Soviet-proposed pact.

Thereafter, however, the Seoul government has conspicuously been silent about that matter.

Seoul's recalcitrance may be that it has to maintain close ties with Washington in many areas in light of the rapidly changing situations in and around the Korean peninsula.

Officials said the United States, honoring Seoul's opinion, has been reluctant to hold meaningful dialogue with North Korea, whereas Japan seems to be determined to shore up the regime of Kim Il-song through normalization of bilateral relations between Tokyo and Pyongyang.

Communications Officials To Visit Moscow, PRC

SK1608083891 Seoul YONHAP in English 0710 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (YONHAP)—Telecommunications officials and researchers from South Korea will visit Beijing and Moscow to look at launch facilities and techniques Sept. 3-13, Communications Ministry sources said Friday.

The teams will comprise five or six officials of the ministry, state-run Korea Telecom, the Korea Aeronautic Research Institute and the Korea Electronic and Telecommunication Research Institute.

Their findings will be reflected in a request for proposal the ministry will send out to six companies in the Soviet Union, China, the United States and France that are competing for the contract to launch Korea's first communications satellite, Korea SAT-1 or "Mugunghwa."

The firms are China Great Wall Industry Corp. of Beijing, Glavkosmos of Moscow, Arianespace of Evry Cedex, France, Mcdonnell Douglas of Huntington Beach, California, General Dynamics of San Diego, California, and Martin Marietta of Denver, Colorado.

In June, a six-member survey team including Mun Yong-hwan, director-general for communication satellite planning at the ministry, and Hwangbo Han, head of Korea Telecom's satellite business group, visited the French and American companies.

The sources said international bidding for Korea SAT-1 would be conducted in November, three months behind schedule.

The contractor will be chosen by June next year, they said, adding that Korea SAT-1 would still be put into operation on April 1, 1995.

China and the Soviet Union were likely to try to compete by offering low prices and better terms of technology transfer, the sources predicted.

Seoul, Moscow To Sign Memorandum on Education

SK1608010591 Seoul YONHAP in English 0016 GMT 16 91

[Text] Seoul, Aug. 16 (YONHAP)—South Korea and the Soviet Union will sign a memorandum of understanding on educational and academic exchanges Aug. 19 in Moscow, Education Ministry officials said Friday.

The memorandum will be inked during Education Minister Yun Hyong-sop's visit to the Soviet Union Aug. 16-27 which is made at the invitation of the Soviet State Committee for Education.

The document will serve as a catalyst in strengthening bilateral cooperation in the exchanges of professors, students and academic information, the officials said.

The Ministry had earlier planned to include in the memorandum the task of correcting distorted accounts in both countries' history textbooks, but did not insist on it as the Soviet side expressed difficulties for political reasons, they said.

South Korea and the Soviet Union normalized diplomatic relations on Sept. 30, 1990, after decades of hostility. In Soviet textbooks, South Korea is described as having provoked the Korean war (1950-53), although North Korea actually started the war, the officials said. The Soviet Union and North Korea have been strong allies and are still bonded by a 1961 Treaty of Friendship and Mutual Assistance.

The Ministry will open a Korean educational center in the Kazakh capital of Alma Ata on Aug. 22 to support education of ethnic Koreans there and will establish another such institute in Uzbek capital of Tashkent next year, the officials said.

Firms Criticize Japan's Tech Transfer Policies

SK1608030791 Seoul THE KOREA HERALD in English 16 Aug 91 p 6

[By staff reporter Choe Sung-chin]

[Text] Some year ago, a group of Korean business officials happened to inspect selected Japanese factories for their energy-saving technology.

The week-long industrial tour which started amid high expectations, however, ended as a big disappointment for most of the Korean participants.

"Our Japanese hosts would not teach or show us any new technology or know-how except those we had already known," the Koreans said. Some visitors said that they even had the impression that the Koreans were treated as some sort of industrial spies whenever the Japanese firms they visited demanded that they leave their cameras at the reception desks.

When the Koreans finally made complaints at the end of the schedule, their Japanese guide, while not trying to hide his embarrassment, asked back; Isn't natural for a corporation to protect its hard-won technology in the capitalistic world?

This episode, albeit becoming a story of the past, shows well the wide gap of views between the two countries regarding the issues of technology transfer, which many economic experts on both sides of the East Sea say holds the key to narrowing Korea's yawning trade deficit with Japan.

"The chronic trade deficit in disfavor of Korea is in fact the 'mirror of the technology gap' between the two countries," said an official at the Ministry of Trade and Industry.

According to ministry statistics, between 1962 and March 1991, Korea imported a total of 3,618 technologies from Japan and paid $1,664 million as royalties. The amount of imported technology and royalty payments represent 51 percent and 31.9 percent, respectively, of Seoul's total tech imports in almost three decades.

Few economic experts here deny the Japanese role in Korea's industrialization, while pointing out that the overdue technological reliance has resulted in "inseverable" economic submission to Japan.

Still, many Korean businessmen criticize Japan as a cunning technology lender to Korea, which they say transferred mostly outdated manufacturing or assembly technology rather than key, up-to-date ones.

What the Japanese multinational corporations want is to subordinate the Korean firms as their perennial international subcontractors rather than as equal partners in a horizontal division of labor, they said.

They said that the relatively small royalty payments compared with the number of imported technology indicate that Japan has sold only old and cheap technology which was no longer important to them.

Such complaints by Korean businesses have usually been conveyed on the government-to-government level to Japan. The rectifying of the trade imbalance and more sincere transferral of Japanese technology to Korea has without fail been tabled at the summit meetings of the two countries. The summitry between President No Tae-u and Japanese Prime Minister Toshiki kaifu last May was no exception.

The summitry upgraded the bilateral committee for trade and industrial technology cooperation from the director-general official level to the assistant ministerial level.

The first meeting of the leveled-up committee in June 17-18, however, once again ended with only the reconfirmation of both sides' existing positions on the issue, officials said.

While the Korean side promotes the tech transfer on the government level, their Japanese counterparts believe that the matter should be solved on a private business level.

"We felt little obligation to transfer technology only to Korea instead of other newly industrializing countries," a Japanese economic analyst, who requested anonymity, said.

Like other business areas under a free market economy, tech transfer contracts should be determined on the principle of price and other economic sectors he said, noting that Korea tends to buy the Japanese technology at the lowest prices among developing countries.

Moreover, many Korean firms have broken contract terms by deliberately curtailing the contract period, neglecting the protection of know-how upon the expiry of contracts ad even pirating Japanese firms' brands and trademarks, he said.

Most Korean analysts, including Dr. Kim To-hyong of the Korea Institute for Industrial Economics and Trade, believe that such issues as narrowing the trade gap and activating tech transfer should be tackled on the governmental level because their effects are not limited only to private businesses' prosperity but seriously affect other sectors of the national economy.

The two governments should no longer leave the matter to the Japanese multinational firms' profit-first logic, Kim said.

The most important point in furthering the cooperation between the two is the concept that they are not necessarily competitors but reciprocal partners in the international economic society, he said.

Japan and Korea may utilize their comparative advantages, such as through combining Japan's state-of-the-art technology and Korea's skilled labor and world-class manufacturing technology.

Similar views appear to be also shared by some Japanese analysts when they contend that the two countries can seek co-prosperity in Northeast Asia and then play key roles in the whole of Asia. What they differ on is the method or approaches to achieve that goal, Kim said.

People of the two nations often say that Japan and Korea are the nearest but at the same time the farthest countries from each other. When they speak of cooperation, their minds are full of distrust about each other, the Japanese expert said.

Korea should come up with more frank and open-minded attitutes in seeking cooperation with Japan, while Japan should discard their superiority complex and arrogance if they are to achieve any higher and truer sense of cooperation, he said.

President Meets Japan Social Democrats in Seoul

OW1608054891 Tokyo KYODO in English 0514 GMT 16 Aug 91

[Text] Seoul, Aug. 16 KYODO—South Korean President No Tae-u welcomed 11 members of Japan's Social Democratic Party (SDP) to the Chong Wa Dae [name as received] presidential residence Friday, signaling improved ties between Seoul and Japan's leading opposition party.

The SDP members who met No included Kozo Igarashi of the Diet's House of Representatives and other members of the party's "New Wave Society"—junior members of the SDP pushing the party to take more pragmatic policies on defense and international relations, especially with South Korea.

The delegation was the largest SDP Diet group to meet a South Korean President.

Political analysts in Tokyo and Seoul saw the meeting as another step in improving relations between South Korea and the SDP, which only last year endorsed the 1965 Basic Treaty between Japan and South Korea and decided to seek balanced dealings with Seoul and Pyongyang.

The SDP, formerly the Japan Socialist Party, has long been a staunch supporter of Pyongyang, while the ruling Liberal Democratic Party just last year began contacts with North Korea.

Japanese Ambassador to South Korea Kenichi Yanagi and Korea University Professor Choe Sang-yong also attended Friday's meeting.

Japanese Politician Comments on Policy

OW1608110991 Tokyo KYODO in English 0848 GMT 16 Aug 91

[Text] Seoul, Aug. 16 KYODO—Later in the day in Tokyo, Sadao Yamahana, vice chairman of the SDP [Social Democratic Party], told reorters the party will study a plan to send SDP Chairman Makoto Tanabe to South Korea after hearing a report from Igarashi on his meeting with No.

Yamahana said the SDP's change to its policy toward South Korea at a party convention in late July will be the base toward improving relations with Seoul.

Czechoslovakian Sports Minister Arrives in Seoul

SK1608094291 Seoul YONHAP in English 0912 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (OANA-YONHAP)—Czechoslovakian Sports Minister Karel Pilny [name as

received] arrived in South Korea along with a 43-member delegation Friday to train for the Third International Amateur Athletic Federation (IAAF) World Championships in Japan on Aug. 23.

Pilny will meet with Korean Sports and Youth Minister Pak Chol-on to discuss the promotion of sports exchanges and mutual concerns on Aug. 19 and leave for Tokyo on Aug. 22.

The Czechs will train at Taenung Athletes' Village North of Seoul and attend the Korea grand-prix athletes at Chamsil Sports Complex on Sunday.

Egyptian Consul-General Leaves Cairo for Seoul

SK1608053091 Seoul YONHAP in English 0252 GMT 16 Aug 91

[Text] Cairo, Aug. 16 (YONHAP)—Muhammad Amin Cholkamy [name as received] left for Seoul Friday to be posted as the first Egyptian consul-general in Korea, a departure seen as the harbinger of diplomtic ties between Cairo and Seoul. He will be here on Monday after staying two days in Hong Kong.

Egypt and South Korea established consul-general relationship in 1962 but Cairo has postponed setting up its consulate-general in Seoul in consciousness of its relations with North Korea.

Cholkamy, deputy director-general of the Foreign Ministry's African affairs bureau before being assigned to Seoul, said in a telephone interview with YONHAP News Agency that he hoped that the two countries will upgrade relations to ambassadorial level as soon as possible.

Asked whether he may be the first ambassador to South Korea, when formal ties are established, he replied in the affirmative. So would be the South Korean Consul-General Pak Tong-sun in Cairo, he said.

Seoul To Eliminate Indirect Import Barriers

SK1608093191 Seoul YONHAP in English 0904 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (YONHAP)—South Korea will eliminate indirect import barriers over the next five years by rewriting its external trade law and joining the General Agreement on Tariffs and Trade (GATT) agreement on import licensing, economic officials said Friday.

In a meeting presided over by Deputy Prime Minister Choe Kak-kyu, economic ministers, business leaders and economists all agreed that they would seek substantial market-opening measures during the Seventh Socio-Economic Development Plan (1992-96), the officials said.

Trade-related systems, including tariffs, will be reviewed to see if they conform to international rules and regulations.

To join the Organization for Economic Cooperation and Development during the period, the government will further liberalize transportation, insurance and banking, with special emphasis on easing capital and foreign exchange flows.

To develop Seoul into a transportation hub, the government will soon seek to open a direct air route to Beijing and, to promote the complementary nature of Asia's economies, it will facilitate the formation of a free economic zone in the region centering on South and North Korea.

It will step up resource and technical cooperation with the Soviet Union and China, and will gradually open the agricultural market by July 1997 as agreed with GATT.

If the Uruguay Round trade talks are concluded, import of most items restricted at the time of conclusion will be freed upon tariffication, and the government will gradually increase aid for developing nations from 0.04 percent of gross national product.

Think Tank Urges Reduction in Defense Spending

SK1608094891 Seoul YONHAP in English 0929 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (YONHAP)—A government think tank called Friday for money to be taken from the defense budget and used for health, education and housing, an almost heretical proposal in security-conscious South Korea.

In a forum sponsored by the Korea Development Institute (KDI), KDI fellow Yi Kye-sik told Deputy Prime Minister Choe Kak-kyu and other officials and scholars that the government should cut military spending from 4 percent of gross national product.

Korea's expenditure for defense was far above the average for developing countries, but spending on education, health and housing was below standard, Yi said.

Military spending was 1.6-times higher than the average for developing nations between 1984 and 1986, he said.

Spending cuts were the most effective way to pay for social infrastructure expansion, local autonomy and unification in the seventh five-year socio-economic development program, he said.

KDI expects the budget to increase 15.4 percent a year to 16.2 percent of GNP in 1992 and 17.3 percent in 1996, and tax gains to cover 19.3 percent of the budget in 1992 and 21.2 percent in 1996.

The Defense Ministry has asked for 9.65 trillion won (13.3 billion U.S. dollars) for next year, up 24.7 percent from 1991, saying it needs to modernize weapons and improve the treatment of non-commissioned officers.

APEC To Adopt New Declaration of Ideas

SK1608014591 Seoul YONHAP in English 0105 GMT 16 Aug 91

[Text] Seoul, Aug. 16 (OANA-YONHAP)—The Asia-Pacific Economic Cooperation (APEC) is planning to adopt a declaration defining its purposes, organizational structure and membership qualifications when it meets in Seoul in November, a Foreign Ministry official said Friday.

South Korea has nearly decided on the contents of the declaration with APEC's 12 member nations, the official said.

The declaration, considering the economic emphasis of the group, is likely to set minimum goal for trade and investment among member nations, according to the official.

Yi Si-yong, assistant foreign minister for policy planning, had consulted with APEC partners during the Association of Southeast Asian Nations (ASEAN) post-ministerial conference in Kuala Lumpur, Malaysia, last month.

APEC, established in November 1989, comprised same members of ASEAN and its full dialogue partners except for the European Community. It includes Brunei, Indonesia, Malaysia, the Philippines, Thailand, Singapore, South Korea, the United States, Japan, Canada, Australia and New Zealand.

"Most of the member countries feel that it is too early to institutionalize APEC and thus decided not to adopt a charter," the official said.

"The APEC declaration, however, unlike others adopted by international organizations which commonly carry only symbolic weight, would be very close to a basic agreement that will be of importance to regional cooperation," he said.

The declaration will formally set APEC's budget for its cooperation projects, and when APEC develops into a fully institutionalized organization, it will serve as the basis to agreements between members, the official said.

Police Battle Demonstrators in Downtown Seoul

SK1608023991 Seoul THE KOREA HERALD in English 16 Aug 91 p 3

[Text] Violent demonstrations erupted in Seoul yesterday as thousands of radical students, angered by the police blockade of the "pan-national rallies," clashed with riot police.

The protesters, grouped in several hundreds, hurled rocks and firebombs against the tear gas-firing police troopers late into the evening.

A group of 1,500 demonstrators first clashed with police forces at Hongje-dong, northern Seoul, at 2:30 P.M. when police stopped them on their way to Panmunjom.

Another 1,000 students clashed with police near the campuses of Kyonghui Foreign Studies in Imun-tong, later in the afternoon.

The demonstrators, who had scheduled a rally condemning the government at Pagoda park in central Seoul at 2 P.M., sneaked into several parts of the city, prompting violent demonstrations beginning around 6 P.M.

The most violent demonstrations occurred in Ulji-ro, Toegye-ro and other downtown streets where students occupied car lanes before being dispersed by police tear gas.

Police said they rounded up about 700 demonstrators during the day. No immediate reports of injuries were available.

Police deployed more than 12,000 policemen around Pagoda Park, the planned rally site in downtown Seoul, and other places in and around the capital.

The Seoul headquarters of the rally announced a joint declaration under the names of the three headquarters, including those representing the North and overseas Koreans, after holding a conference at Kyunghee Unversity. The headquarters coordinated with its northern and overseas counterparts through fax machines before issuing the joint declaration, according to the headquarters.

The declaration demanded that the governments of the two Koreas adopt a nonaggression pact and that various nongovernmental organizations of the two sides make continued efforts on their parts for national reunification.

The declaration also said that the headquarters would continue to struggle to achieve national reunification until 1995.

On Wednesday night, more than 15,000 students and dissidents took part in a ceremony to mark the eve of the Seoul Pan-national Rally at Kyonghui Unviersity.

At the ceremony, the participants held various cultural performances to show their resolution for the long-cherished national reunification.

Brunei, Malaysia & Singapore

Malaysia

Prime Minister Mahathir Remarks on Environment

BK1608092691 Kuala Lumpur BERNAMA in English 0705 GMT 16 Aug 91

[Text] Kuala Lumpur, Aug 16 (OANA-BERNAMA)—Prime Minister Dr. Mahathir Mohamed indicated Friday that Malaysia will not attend the earth summit in Brazil next year.

He said that if the international environmental movements had already decided to oust Malaysia from the world, "there is no longer a need for us to attend."

"If this is their intention, it is therefore not a conference to seek a solution to environmental problems. We all know that our environment is polluted by the industrialised nations, not by Malaysia. But they insist on this for political mileage," he told reporters here.

He was referring to a report which states that Malaysia has been chosen as the first target of international hatred and hysteria. According to the report, this is because Malaysia is a small, isolated and a more vulnerable country.

Dr. Mahathir said that if the international conference on environment was to be staged to suppress the weaker Third World countries, it would be better for these countries to organise their own conference. By having such a conference, they would be able to be enlightened on the actual situation, he said.

"If we were to go there just to have them hurl abuse at us, there is no point in us attending," he added.

The prime minister believed that these groups were being funded by certain economic lobbyists to create problems with the intention of destroying the nation's economy so that the people would remain poor and their people prosperous. "This is what they want...They do not wish to see Malaysians having a good life," he added.

He said that "if they were to see us living in peace and prosperity, they will do whatever they can to create chaos."

Dr. Mahathir said that Malaysia would, with a sense of responsibility, explain the situation if it felt necessary to do so but "if they merely wish to declare 'war,' what can we do."

The prime minister said that the problem of the Penans, a tribe found in the East Malaysian state of Sarawak, was only a new approach devised by them to suppress the smaller nations. They had always wanted to dominate the country but since they could not do so politically, they would indirectly resort to whatever means to colonialise countries like Malaysia which had already seen some development and is bold enough to speak out, he added.

He said that they wish to see the Penans displayed as exhibits in museums so that they would be able to come and gawk at the remnants of the cave-men and as jungle people that did not require care and supervision. He said that the aborigines in Australia and the red Indians in the United States were now left behind unlike the Penans and they want the Penans to be treated the same way.

The prime minister said that the government intends to see to it that the Penans enjoy the same benefits as other Malaysians.

Dr. Mahathir said that Malaysia could do nothing against the groups which had tarnished the country's image.

He said that Malaysia was told by countries where these groups originate that they did not have the power to prevent their action. "We are told that their governments are fair, only that these people are not, but the effect on us is the same," he said.

Government Gives Aid to China's Flood Victims

BK1608090891 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Aug 91

[Text] The Malaysian Government today donated 63,652 ringgit to help victims of the recent flood in China. The check for the amount was handed over by National Unity and Social Development Minister Datuk Napsiah Omar to Malaysian Red Crescent Society Chairman Tunku Tan Sri Mohamed Tungku Besar Burhanuddin in Kuala Lumpur.

She said the society will hand over the money to China's Red Cross Society through the Red Cross headquarters in Geneva.

Minister Optimistic Over Trade Ties With SRV

BK1608063591 Kuala Lumpur BERNAMA in English 0452 GMT 16 Aug 91

[Text] Kuala Lumpur, Aug 16 (OANA-BERNAMA)—The setting up of a Malaysian trade office in Ho Chi Minh City and the finalisation of the bilateral payments arrangement between Malaysia and Vietnam will boost direct trade between the two countries.

International Trade and Industry Minister Rafidah Aziz said Malaysia is keen to see an increase in the range an volume of trade items exported to Vietnam.

She said in the first five months of this year, new export items have emerged, including textiles, fabrics, garments, machinery and parts, and plastic materials.

Speaking at the launch of the public card phone system in Ho Chi Minh City, she said bilateral trade is also

expected to receive a boost from the Vietnamese Government's approval to two local [Malaysian] banks, Bank Bumiputra and Public Bank, to set up branch representative offices in the country. The text of her speech was released in Kuala Lumpur.

The public phone system was installed and managed by local telecommunications company, Sapura Holdings.

Rafidah said with more liberal economic policies and measures implemented by the Vietnamese Government, it is envisaged that there will be opportunities to increase bilateral trade.

"What is important now is for the trading communities of both countries to make the necessary contacts on a direct basis and to identify areas in which there can be reciprocal sourcing of products required by the two economies," she said.

The minister hopes that Sapura's success in Vietnam will spur the entry of more Malaysian companies into that country.

Malaysia has made advancement in some areas of the industry and is in a position to share its experience and expertise with countries such as Vietnam, she added.

Deputy Prime Minister Ghafar To Visit Kuwait

BK1508141091 Kuala Lumpur Voice of Malaysia in English 0600 GMT 15 Aug 91

[Text] The deputy prime minister, Mr. Ghafar Baba, says that his visit to Kuwait from the 25th of this month is to look for opportunities for Malaysian entrepreneurs to participate in the reconstruction of that country. His delegation will include about 50 businessmen as well as four officials from the Ministry of Primary Industries and the Ministry of International Trade and Industry. The deputy prime minister will also visit Iran and Turkey.

Singapore

'Compulsory' General Election To Be Held 31 Aug

BK1408115891 Singapore Singapore Broadcasting Corporation in English 1100 GMT 14 Aug 91

[Text] The general election in Singapore will be held on Saturday, the 31st of this month. Nomination of candidates will be on Wednesday, the 21st. A government statement says the prime minister had advised the president to dissolve Parliament today. Polling day is a public holiday, and voting is compulsory.

Japanese Trade Minister Nakao Arrives 14 Aug

OW1408090891 Tokyo KYODO in English 0827 GMT 14 Aug 91

[Text] Singapore, Aug. 14 KYODO—Japanese Minister of International Trade and Industry Eiichi Nakao arrived in Singapore on Wednesday as part of a tour of Southeast Asia and Australia.

Nakao, accompanied by an eight-member delegation, will meet Singaporean Prime Minister Goh Chok Tong and Deputy Prime Minister and Trade and Industry Minister Lee Hsieng Loong during his two-day stay in the republic.

Prime Minister Meets Nakao

OW1508164991 Tokyo KYODO in English 1442 GMT 15 Aug 91

[Text] Singapore, Aug. 15 KYODO—Singaporean Prime Minister Goh Chok Tong on Thursday asked Japan to support the East Asian Economic Grouping (EAEG), saying it is not intended to confront other regional economic groups.

The purpose of the EAEG is to establish a position among East Asian countries which will allow them to negotiate with the European Community (EC) and North America on equal terms, a Japanese official quoted Goh as telling visiting Japanese Minister for International Trade and Industry Eiichi Nakao.

Nakao, however, did not respond to Goh's appeal during their 20-minute meeting, a Japanese Foreign Ministry official said.

But Nakao did say in his hour-long meeting with his Singaporean counterpart Lee Hsien Loong on Wednesday that it is difficult for Japan to make an evaluation at this time because the Association of Southeast Asian Nation (ASEAN) countries themselves are still discussing the proposal, the official said.

Nakao flew to Singapore from Australia on Wednesday on the second leg of his three-nation tour, which also includes Thailand.

Lee said that in the absence of the EAEG, ASEAN will have to negotiate bilaterally with the two Western regional economic groupings—the North-American free trade area and the integrated EC—which will soon be formed.

But if there is an EAEG it would ensure a balance of power between East and West, Lee was quoted as saying.

The EAEG was proposed by Malaysian Prime Minister Mahathir Mohamad last December. He envisioned greater cooperation and promotion of trade among East Asian economies such as the ASEAN members, China, Taiwan, Hong Kong, and South Korea as well as Japan, which he proposed should lead the group.

The U.S. immediately objected, saying the group could turn into a trade bloc, while Japan has remained noncommital apparently in view of the U.S. objections.

In his meeting with Lee on Wednesday, Nakao also touched on the Asia-Pacific Economic Cooperation (APEC) process, saying that APEC's ministerial meeting

in Seoul in November will be crucial because APEC has progressed from an "exploration stage to the stage of implementation".

When asked for his opinion on plans to institutionalize APEC and set up an APEC secretariat, Lee told Nakao that the question of cooperation should be tackled cautiously because of the differences among the 12 members of APEC, the Japanese official said.

Lee Kuan Yew Comments on PRC Reform Style

BK1408075091 Singapore THE SUNDAY TIMES in English 11 Aug 91 p 1

[By Sunny Goh]

[Text] China should not follow the way of the Soviet Union but should gradually loosen up to avoid a sudden overturning that will upset its political system, Senior Minister Lee Kuan Yew said yesterday.

Referring to Soviet Union leader Mikhail Gorbachev's current efforts to reform his turbulent country, he said: "China, I am sure, will not follow Gorbachev's footsteps.

"I am confident that to succeed, China need not follow and indeed, should not follow Gorbachev's footsteps.

"China's leaders have seen how Gorbachev was beguiled and seduced into his present dilemma, by the praises and acclamation of the Western media, as he sounded more and more like a Western liberal leader."

He said the more stridently the Western media exhorted China towards democratic reforms, the more China's leaders would resist them.

Mr. Lee, who was opening a convention of Chinese entrepreneurs from around the world, also said that overseas Chinese could help China to avoid chaos by making people, especially leaders, in the West aware of the practical realities which make it prudent to work for an evolutionary outcome.

This outcome could be achieved through more economic linkages and people-to-people contacts that would transform perceptions and thinking in China itself.

The Senior Minister was giving an overview of developments in China in his opening speech to more than 800 delegates from over 70 cities in 30 countries attending the World Chinese Entrepreneurs Convention at the Mandarin.

Mr. Lee noted that the Solidarity movement in Poland moved gradually over a period of 10 years to avoid a head-on clash and to loosen up the system in stages until finally a communist government agreed to free elections.

When Solidarity won the election, they offered to share, and did share power with the communists.

"That could have been China's evolution if it had been spread over 10 to 20 years, and not brought to a head in June 1989 by the students' refusal to leave Tiananmen Square", said Mr. Lee.

In his speech in English, with simultaneous Mandarin translation, the Senior Minister also stressed the importance of Confucian core values which had helped overseas Chinese to succeed despite their humble background.

But it was political trends in China and the "spur" of successful overseas Chinese communities which took up much of his 20-minute speech.

Re-stating China's dilemma—how to adopt the free market economy while retaining Communist Party control of government and society—Mr. Lee said that the Chinese leaders knew that the centrally planned system was flawed.

But unfortunately there was no consensus on how to proceed with reforms.

Mr. Lee pointed out that China's leaders had been studying overseas Chinese communities, in particular, the different variations of the system that led to rapid industrialisation in Taiwan, Hongkong, and Singapore.

They wanted to abstract the principles so that they could modify and apply them to their own circumstances, he said.

"I believe China's transformation will be easier than Russia's. There are no Russian counterparts to Taiwan, Hongkong, or Singapore.

"People in China know that it can be done because it has been done by Chinese people in three different environments."

Their difficulty was how to get the vast country out of their present system without chaos and upheaval.

This is not easy, as the Soviet Union has found out, he said, explaining that the Yavlinsky-Harvard plan drawn up just before the G-7 meeting in London last month called for U.S.$150 billion (S [Singapore] $258 billion) in five years to cushion the pain of transition and to avoid chaos in the Soviet Union.

Mr. Lee believed that China was prepared to try "all and every method", except for democracy with one-man one-vote in a multi-party system as they felt tht the Communist Party must have a monopoly of power in order to ensure stability.

China's evolutionary changes had, in any case, started between 1977 and 1989: Except for inflation and corruption, things were getting better with higher growth and living standards.

"Therefore Tiananmen on June 4 was an immense tragedy," he said, adding that, in their euphoria, the

students wanted to do in a few weeks what Poland's Solidarity movement took 10 years to achieve.

But the setback is not irreversible, said Mr. Lee as he believed that China's leaders have no choice but to resume loosening up.

To this end, the Chinese abroad, by being themselves and making progress, would be a powerful "pull" factor in China's evolution forward, he said. "We are living examples of Chinese people, imbued with Chinese culture doing immensely better because we work under a different system."

China should also depend on one of its most valuable assets, the government scholars, now studying abroad.

"When they return, they will have a thorough knowledge not only of their specialties, but also of the workings of the social and economic systems of the countries where they are studying and probably working in. These able minds will be invaluable in China's modernisation," Mr. Lee said.

The three-day convention is the first-ever international meeting of entrepreneurs from the world's ethnic Chinese communities.

Daily Views New SRV Cabinet Under Vo Van Kiet

BK1608013291 Singapore the STRAITS TIMES in English 15 Aug 91 p 26

["Editorial: "Capitalist Challenge"]

[Text] The leadership in Hanoi has undergone a notable transformation after the ruling party's Seventh Congress last month. The 75-year-old party chief, Mr. Nguyen Van Linh, stepped aside for former premier Do Muoi, a 75-year-old. No great shakes here. Mr. Linh and Mr. Muoi, lingering members of the Old Guard, are said to be reformists. But they have had little to show for their efforts at economic reform since capturing control of the party at the Sixth Congress in 1986. What is more significant was the subsequent election of Mr. Vo Van Kiet as the country's new Prime Minister and a rejig of the Cabinet with a number of younger reform-minded ministers replacing dogmatic old-style communists. This is said to signal Hanoi's seriousness in moving towards a market economy. Mr. Kiet is a leading advocate of capitalist-style reform and has pushed hard for Doi Moi, a Vietnamese version of perestroyka, in recent years. Will he succeed with a new team behind him? He has to, as the economic statistics paint a grim scenario.

An abysmal per capita GNP of U.S.$200, three million unemployed and another 12 million or so underemployed out of a total population of 66 million, a multi-billion-dollar foreign debt—these are the economic realities that Vietnam's leadership has had to contend with in recent times. Whereas in the past good old revolutionary zeal and sacrifice served to sublimate the lack of basic necessities, let alone creature comforts, Vietnam, like others in the communist league, has felt the winds of change. To be sure, it is not as if the Vietnamese people are pouring into the streets to agitate for political freedom. The communist masters remain firm and uncompromising on this aspect of centralised control. Reform will most likely be confined to the economic sphere, if that is possible at all. But there is no denying that the Vietnamese economy is on the brink of collapse—a dilemma largely exacerbated by the drying up of Soviet aid which for a long time helped to prop up a decrepit economic structure. Since early this year, Hanoi has had to fork out hard cash to pay for its purchases from the Soviet Union. At the same time, the repatriation of Vietnamese workers from Eastern Europe has also cut off a major source of income. All in all, a most unenviable and uncomfortable situation.

If he is lucky and if he can overcome the objections of old-style communist stalwarts, who might think that he is giving too much away in his reformist drive, Mr. Kiet might yet be able to inject some measure of momentum into internal market reforms. That Vietnam's ethnic Chinese are being cautiously allowed to exercise their entrepreneurial zeal is a good sign that the communist leadership has sidestepped dogma in allowing individuals to take the initiative. Even so, it will require much gumption and swallowing of pride for the revolutionary guardians who had triumphed over formidable French and Americans capitalist armies to accept market reforms. It will be a rocky road ahead indeed for Mr Kiet and his fellow reformists.

Much of Vietnam's economic woes stem from the legacy of the Vietnam war and its stubborn political posture in Cambodia. Washington's economic embargo, which includes barring access to IMF funds, is not likely to ease unless the MIA issue is resolved. And there is the as yet unresolved issue of Cambodia, where it obviously still hopes to obtain a solution which would allow it a fair measure of influence over its neighbour. With Hanoi currently cosying up to Beijing, there are possibilities that the two "socialist" diehards may strike a deal over Cambodia that preserves their interests there, but which may amount to selling out the Cambodian people. The bright side to all of this is that improved relations with Beijing will be of little help to Hanoi economically. China might have the will but it certainly does not have the spare cash to throw Vietnam's way. For that, the Vietnamese still have to look to the U.S., and thus its terms for a rapprochement.

Changes to Electoral Boundaries 'Gazetted'

BK1408103891 Singapore THE STRAITS TIMES in English 13 Aug 91 p 1

[Text] The government has gazetted the electoral boundary changes proposed by a five-man panel, making for a 81-seat Parliament with 15 Group Representation Constituencies [GRCs].

This means that the changes recommended by the Electoral Boundaries Review Committee made public over the weekend are now law.

Published yesterday, the gazette notification listed the names and boundaries of the 15 GRCs, each of which will return a team of four members of Parliament at the next election, which the Prime Minister has said he will call "soon".

The boundaries of the polling districts in each GRC were listed in a separate gazette.

The other 21 single-member wards were not listed in the gazette notices as their boundaries have been left intact since the last re-drawing of electoral boundaries in 1988.

The gazette notification is a legal formality following the government's statement in a White Paper presented to Parliament on Aug 8 that it intends to accept and carry out the recommendations of the panel at the next general election.

The panel created the maximum number of four-member GRCs permitted under the Parliamentary Elections Act, by absorbing neighbouring constituencies into the old GRCs or grouping single-member wards.

Last night's gazette notices also dealt with modifications to the various election documents, including the election writ, nomination and ballot papers and the various declarations.

Also listed out were the type of forms that would be used to certify that a Malay, Indian or other minorities wishing to stand in GRCs are indeed members of those communities.

These forms will be issued by a Malay Community Committee and an Indian and Other Minority Communities Committee, appointed by the President to screen minority candidates in GRCs.

Parliament must be dissolved before a general election can take place.

The President will issue a writ giving notice of the election. The Returning Officer will then name the day, time and place for nomination of candidates.

After Nomination Day, voters in contested constituencies will get poll cards informing them where to go to cast their vote.

Cambodia

Exchange of Letters on SNC Invitations Reported

BK1608132591 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 16 Aug 91

[Unattributed communique dated 16 August]

[Text] Following an exchange of letters, His Excellency Hun Sen, chairman of the Council of Ministers of the State of Cambodia, and Samdech Norodom Sihanouk, chairman of the Supreme National Council [SNC] of Cambodia, have agreed with each other to invite the foreign ministers of Indonesia, the PRC, the People's Democratic Republic of Korea, Japan, Australia, France, and Thailand as common guests of the SNC of Cambodia and the government of the State of Cambodia.

According to a reliable source, so far only France has contacted Phnom Penh to make arrangements for the visit of its foreign minister. As for the other countries, they have not yet taken any step to organize and arrange schedules for the visit.

In its capacity as the host, this country is prepared to hold discussions with any representatives of countries concerned in order to finalize the visit.

[Dated] Phnom Penh, 16 August 1991

Hor Namhong Greets New SRV Foreign Minister

BK1508143791 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 13 Aug 91

[Text] Comrade Hor Namhong, State of Cambodia's foreign minister, recently sent a congratulatory message to Comrade Nguyen Manh Cam, SRV foreign minister .

The message stresses that: I am very happy and would like to express warmest congratulations to you on the occasion of your appointment as foreign minister of the SRV. I am convinced that under the astute leadership of the Communist Party of Vietnam, the Vietnamese Government and people will certainly make new and greater progress in implementing the sacred tasks set by the seventh party congress, namely national construction in the transitional period toward socialism.

I firmly believe that the relations of solidarity and friendship and cooperation between the parties, governments, and people of our two countries, particularly between the two countries' foreign ministries, will be constantly strengthened and expanded for the benefit of our two people.

I would like to wish you good health and new and greater success in carrying out your noble tasks.

Heng Samrin Congratulates Indian President

BK1508142791 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 14 Aug 91

[Text] On the 44th anniversary of India's independence day, Comrade Heng Samrin, general secretary of the party Central Committee and chairman of the State of

Cambodia's Council of State, sent a congratulatory message to His Excellency Venkataraman, president of the Indian Republic. The message says in essence:

I have noted with great satisfaction and admiration the effective measures your have taken both inside the country and in the international community to ensure national unity and the development of the Indian people and the international community. I firmly believe that the long-standing traditional Cambodian-Indian relations will further develop for the benefit of our two peoples and for peace and cooperation in the region and in the world.

I would like to wish you and the Indian people good health and new success in your noble task.

Hun Sen, Hor Namhong Greet Indian Leaders

BK1508143191 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 14 Aug 91

[Text] On the 44th anniversary of the Republic of India's national day, Comrade Hun Sen, chairman of the State of Cambodia's Council of Ministers, sent a congratulatory message to His Excellency Narasimha Rao, prime minister of the Republic of India. The message says in essence:

On behalf of the government and in my own name, I am most happy to express to you and the Indian people warmest congratulations on the historic 44th anniversary of India's independence. The Cambodian Government and people would like to express profound gratitude to the Indian Government for providing precious assistance and support to the Cambodian people and to the search for a genuine, political, and reasonable solution to the conflict in Cambodia.

I would like to wish you and the Indian people good health, great success in future development, and prosperity.

On the same occasion, Comrade Hor Namhong, the State of Cambodia's foreign minister, also sent a congratulatory message to His Excellency Madhavsinh Solanki, foreign minister of the Republic of India, stressing that:

I am convinced that the relations of friendship and cooperation between our two countries, as well as the cooperation between our two (?ministries), will gradually develop for the benefit of our two countries. I would like to wish you good health, happiness, and great success in carrying out your noble tasks.

Defense Ministry Issues Communique on Opposition

BK1608080591 Phnom Penh SPK in English 0428 GMT 16 Aug 91

[Text] Phnom Penh SPK August 16—The Khmer opposition factions in 12 attacks from August 1-9 fired more than 1,000 artillery and recoilless shells on government positions, killing one person, wounding two others, and burning down one dwelling house.

This was said in a press communique released here on August 13 by the Defence Ministry.

The communique said the opposition troops shelled on August 1 areas east of the provincial town of Banteay Meanchey, injuring two villagers and burning down one dwelling house.

Between August 1 and 9, elements of Pol Pot Divisions 802 and 785 conducted a looting spree in Baray, Prasat Sambo and Sandan Districts, robbing 138,000 riel from the villagers, killing one person and wounding two others.

On August 6, the communique continued, 15 men of the Son Sann faction robbed property of the villagers in areas 15 km northeast of Svay Chek, Banteay Meanchey. On August 1, 2, and 9, they fired 130 shells of 10-, 782- and 85-mm recoilless guns into places along Highway 10 in Battambang Province.

Son Sann's troops also fired 785 shells of 85, 81, 82 and 75-mm artillery and recoilless guns into an area, 9 km east of Svay Chek and areas southeast and west of Bos Sbov in Banteay Meanchey Province on August 4 and 6, the communique added.

Sar Kheng Attends Meeting in Kandal

BK1608073191 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 15 Aug 91

[Summary from poor reception] On 12 and 13 August, a regional party congress was held in S'ang District, Kandal Province. Among those presiding over the occasion were "Comrade Sar Kheng, member of party Central Committee Political Bureau, chief of the party Central Committee office, and chairman of the Central Organization Commission; Comrade (?Vong Sot), secretary of Kandal province's party committee and chairman of the provincial people's committee; and Comrade Kong Sim, deputy secretary of the provincial party committee and first vice chairman of the provincial people's committee."

The meeting elected a new 11-member committee. "Speaking on the occasion, Comrade Sar Kheng welcomed and highly apreciated the success of the meeting. He talked about the Cambodian situation, particularly the search for a political solution to the Cambodian problem. He reported to the meeting on the outcome of the recent and successful 13th plenary session of the the party Central Committee. Comrade Sar Kheng also called on all members of the meeting, particularly the new local committee, to continue expanding traditions and experiences, and successfully implement immediate tasks assigned by the party and people."

Philippines

Aquino Cuts Import Levy to 5 Percent

HK1608061591 Manila BUSINESS WORLD in English 16 Aug 91 pp 1, 6

[By Anthony Cuaycong]

[Text] President Aquino yesterday signed into law Executive Order [EO] No. 475 reducing by four percentage points the 9% levy on importations.

To be formally announced by Mrs. Aquino today, the measure will take effect two days after its publication in at least two newspapers of general circulation and will remain in effect unless ruled otherwise.

Under the EO, the rate of additional ad valorem duty imposed on imports is reduced to 5%, with the exception of certain articles still to be meted a 9% surcharge.

Covered by HS [expansion unknown] Heading Nos. 27.09 and 27.10 of Section 104 of the Tariff and Customs Code [TCC] these are imports of:
—crude petroleum oil and oils obtained from bituminous minerals;
—lubricating oil, including lubricating oil basestock;
—fuel oil;
—naphtha;
—gas oil, including diesel oil and other heavy oils;
—kerosene, including kerosene-type jet fuel;
—motor gasoline; and
—other oils and preparations, save for low aromatic solvents.

The following imported articles will continue to be exempt from the import surcharge:
—those conferred by international agreements to which the Philippines is a signatory;
—those of the diplomatic corps for the official use of foreign embassies, pursuant to Section 105 of the TCC;
—those of bonded manufacturing and smelting warehouses, as per provisions of Section 2002 of Presidential Decree [PD] No. 1464;
—those of enterprises and firms registered with the Export Processing Zone Authority and the Philippine Veterans Investments and Development Corp. Authority, pursuant to PDs 66 and 538, respectively; and
—those released under bond, as per provisions of Section 105 of the TCC.

To recall, Mrs. Aquino signed EO 438 imposing a 5% levy on imports last November 27, 1990. Owing to the need to raise additional revenues, given fiscal targets set under the economic stabilization program forged with the International Monetary Fund, the import surcharge was raised to 9% through EO 443, issued last January 3, 1991.

While the import surcharge was projected to augment the National Treasury's coffers by some P [pesos] 2.6 billion yearly per percentage point, its enforcement virtually led the business sector to forgo expansion initiatives. In fact, the contraction resulted in lower import volumes and, consequently, in the non- attainment of revenue targets from the levy.

On a prospective note, the Department of Finance is proposing the imposition of an additional tariff on crude oil imports equivalent to P1 per liter to fill in part of the P10-billion revenue the levy's reduction will forgo.

Explained Finance Secretary Jesus Estanislao to Palaco newsmen: "We are worrying about how to replace the forgone revenues, so we are still working on the P1 tariff on imported crude."

Nevertheless, Mr. Estanislao disclosed that the import levy will be phased out before the end of Mrs. Aquino's term. "I'd like to see that the next time we take any action, it will be from 5% to 0," Mr. Estanislao said, even as he pointed to the importance of Congress institutionalizing revenue enhancement measures designed to take the place of the import surcharge.

Revenue Measures

Specifically, the Executive is pressing for the approval of measures:
—adopting a Simplified Net Income Taxation Scheme;
—imposing an affluent consumption tax;
—imposing a ceiling on certain business deductions;
—gradually phasing out the gross receipts tax;
—streamlining the tax collection system;
—reducing the number of tax returns filed by exempting individuals whose income is derived from only one source;
—introducing new tax identification numbers to closely monitor tax collections; and
—requiring monthly value-added tax payments.

No Guarantee

The phasedown of the import levy does not necessarily guarantee the lowering of prices, Mr. Estanislao said.

In a briefing before the House committee on appropriations, he painted a dire economic picture which could arise from the phasedown without the corresponding alternative revenue measures.

With no revenue measures to compensate for the expected losses, Mr. Estanislao warned Government will have to contend with a higher budgetary deficit. Worse, he added, the economic stabilization program will not be sustained as the country will go off track on its economic targets. All the gains made during the year will then be negated.

Government has projected a consolidated public sector deficit of P57.8 billion this year and P36.3 billion next year.

"A bigger deficit will once again exert pressure on the interest rates and this would render funds inaccessible to small enterprises. Only the big guys can borrow. The

similar [as published] businesses can't, and they will not be able to go on with their activities," he said. Consequently, production will go down and prices will be on the rise, he added.

"We were no gung-ho with the oil pric reduction and the removal of the import levy, that in the end we were not being kind to the small business and the common man."

Gains

Mr Estanislao cited gains made with the implementation of the stability program. He said interest rates were brought down to about 16% from a level of 35% at the start of the year. He also said that despite the present inflation rate of about 18%, the country is actually "operating on a 12% average inflation rate on per annum basis."

Considering all these, Mr Estanislao thus refuted claims by the business community that the higher prices arose from the imposition of import basis."

"The business community is not telling you the whole truth... (Blaming the import levy) is an artificial excuse," he told reporters in an interview.

He argued that the effects of the 9% import levy were already more than negated by the scrapping of margin deposits on letters of credit and the corresponding decrease in interest rate.

On observation that the reduction in the import levy and rollback of oil prices will mean lower prices, he said: "I hope it happens. But I expect it will not."

Unemployment Ease

Labor Secretary [Sec] Ruben Torres yesterday welcomed President Aquino's reduction of the 9% import levy, stating the move would contribute in the fight against unemployment.

The labor chief said the reduction would "send signals" to businessmen and investors to "start again their expansion, their establishment of new businesses," thus creating much-needed jobs for the nation's unemployed.

Sec Torres said that as of April, the Philippines' unemployment rate had gone up to 15.1%, "the highest since 1985." This translates into some 4.17 million unemployed Filipinos.

But he downplayed the figure, saying "We have also a corresponding increase in our base figure"—meaning that population and labor force figures have also risen.

From 1985's labor force of 23 million, the current figure is now at 27 million, Sec Torres said, adding the popuation had also grown to around 60 million in the same period.

Announcements

Executive Secretary Franklin Drilon announced the reduction by 4% of the levy during lunch before members of the Manila Rotary Club a few hours before Mrs Aquino put her pen on the order at Malacanang.

(At the Manila Hotel the other night, Finance Secretary Jesus P. Estanislao made the same announcement during induction ceremonies of incoming officers of the Economic Journalists Association of the Philippines.)

Mr Drilon's announcement drew strong applause by the audience—a good number of them counting among the biggest names in Philippines business.

The Executive Secretary was the Club's guest speaker at its regular Thursday luncheon meeting.

"Costs of imported raw materials will certainly go down," Mr Drilon said, even as he appealed to the businessmen to "ease up and reduce your prices a bit and pass on to consumers the benefits. Because there are so many among us who are poor."

Mr Drilon added: "Public opinion should be generated against those whose only master is profit without any consideration whatsoever for the general public," Mr Drilon said.

Base Treaty

The Executive Secretary also disclosed that within two days, Malacanang is set to finally submit to the Senate for its ratification the final version of the RP [Republic of the Philippines]-U.S. bases treaty or, as it is currently termed, the Philippine-American Cooperation Talks (PACT).

He said there are only "two or three items" that are being ironed out before the treaty is conveyed from Malacanang to the Senate.

"Our understanding is that in the next few days the treaty in its final form will be initialed (by the President) and sent to the Sonate," Drilon said.

"Sometime next week, the formal signing will take place. We do hope that our senators will see the way clear into ratifying this treaty," he added.

Alternatives?

In asking the Senate to ratify the treaty, Malacanang would like the senators to consider some basic considerations.

For instance, Mr Drilon asked, "What alternative, what option do we have in providing 40,000 workers and their families who are dependent on Subic naval base the base for their means of livelihood?

"What alternative do we have to the additional $200 million in garments quota that is provided for in this

proposed treaty and the equivalent jobs that will be created in our country by virtue of this additional quota in our garments.

"Do we have an alternative to the modernization program of the Armed Forces of the Philippines? If and when the senators reject the treaty, what is the alternative?"

Debt Negotiating Panel Leaves for Washington

HK1608061691 Manila PHILIPPINE DAILY INQUIRER in English 16 Aug 91 p 8

[Text] Top-level negotiations with the World Bank are scheduled next week in Washington to press for the delayed release of some $100 million in committed loans for the financial and government corporate sector reform program, Central Bank [CB] Governor Jose L. Cuisia Jr said yesterday.

However, the delay could be attributed to the failure of the Philippine government to meet certain conditions tied to the loans.

For the financial-sector loan program, for instance, two of the conditions are the strengthening of the Philippine Deposit Insurance Corp (PDIC) and the creation of the central monetary authority.

The debt panel, composed of Cuisia, Finance Secretary Jesus P. Estanislao and Philippine National Bank president Edgardo B. Espiritu, will also be in Washington on Aug 21-23 to meet with the International Monetary Fund and the U.S. treasury.

Cuisia said that meetings with the IMF would center on the update on the country's economic performance under the short-term economic stabilization program.

He added that this year, the Philippines will stick to the original fiscal and monetary targets under the standby arrangement program.

The CB chief said the 1992 targets would be up for review in December.

The meetings with the U.S. treasury, meantime, are expected to drum up support from the U.S. government for the country's bid for a new financial package with creditor banks composed of new money and debt relief.

From Washington, the debt panel will meet with the bank advisory committee headed by Manufacturers Hanover Trust Co from Aug 23-26.

As of yesterday, only three creditor banks have so far agreed to set aside the issue of the nuclear debt paper in the negotiations for the fresh financial package.

Investments Rise 25.5% in First Half of Year

HK1608053691 Manila THE CHRONICLE in English 16 Aug 91 pp 1, 12

[By Corrie S. Narisma]

[Text] Investments from January to July this year rose by a hefty 25.5% to P [peso] 64 billion, from some P51 billion in the same period last year.

However, the number of projects registered with Board of Investments (BOI) in the same period dropped by 368, to only 1,315 projects. This means many of the registrants in the period were capital-intensive projects.

The registration of Pilipinas Shell Petroleum Corp.'s P17-billion oil refinery project in Batangas last month triggered a rebound in the country's investment performance, from a 10.5% decline in the first six months of the year to an increase of 25.5% in the seven- month period.

In July alone, the Board of Investment (BOI) registered P20.38 billion worth of projects, or almost half of the total investment registrations of P43 billion from January to June.

The investment figures in the first seven months of the year represent 75% of this year's total target of P85 billion.

The BOI expressed optimism that given these figures, investments in the entire year will surpass the target.

Trade and Industry Undersecretary Tomas I. Alcantara said ther are a number of big-ticket projects in the pipeline that will be registered in the next few months.

BOI governor Melito Salazar said more projects will register in the next 12 months before the privilege to import capital equipment tax- and duty-free is withdrawn in August 1992.

Equity investments during the first seven months of the year were up 8.7%, to P30.4 billion, from its year-ago level of P27.9 billion.

Foreign investors led the growth in equity contributions over the past seven months, with a total of P16.47 billion, or nearly 16% higher than its year-ago level of P14.22 billion.

Equity investments of local businessmen posted a slight improvement of 1.35%, from P13.74 billion in 1990.

Britain was the biggest source of equity contribution during the period in the amount of P6.69 billion. This was primarily due to the approved infusion of Royal Dutch Group of Companies, part owner of Pilipinas Shell Petroleum Corp., into the P17-billion new oil refinery project.

The Japanese were the next biggest foreign investors during the period, with total equity contribution of P3.32 billion. The Americans and Hong Kong investors followed, with P1.17 billion and P1.02 billion, respectively.

Total equity contribution of investors from these four countries amounted to P12.2 billion, or 74.07% of total foreign equity investments in the period.

The manufacturing sector absorbed the biggest share in the number of projects (39.9%), projects cost (63.4%) and equity investments (81.3%) registered by the BOI over the past seven months.

Leading manufacturing industries in July were petroleum products, with P17.18 billion; construction/housing components, P4.73 billion; synthetic yardds and fibers, P2.5 billion; and paper and paper products, P1.6 billion.

Aside from Shell's oil refinery project, other big projects registered during the period were the P14.25-billion power- generating plant project of the Leyte Geothermal Power, Inc.; the P3.7-billion cement manufacturing venture of Millenium Industrial Commercial Corp.; the P2.5-billion polyester staple-fiber manufacturing project of Filsyn Corp.; the P1.89-billion polypropylene resins production project of Petrochem Corp. of Asia- Pacific; and the P1-billion glass container project of San Miguel Corp.

Trade Gap Narrows During First Half of Year

HK1608053091 Manila BUSINESS WORLD in English 16 Aug 91 pp 1, 6

[By Lissa Boluso]

[Text] As importations went on a slack [as published], the country's trade deficit continued to narrow down to $1.774 billion during the first semester of this year, down $91 million or 4.9% from $1.865 billion in the same period last year, the National Statistics Office (NSO) reported yesterday.

While export earnings grew 6.5% to $4.169 billion over last year's $3.913 billion, import expenditures grew only 2.8% to $5.942 billion from $5.778 billion.

Thus, for every $1.00 earned from exports, the country spent only $1.43 on imports compared with $1.48 in the comparable period last year.

On a month-on-month comparison, the $176.4-million trade deficit last June was the lowest sicne 1989. This developed as exports for the month rose at a faster rate of 18.6% to $761.6 million from $642.14 million a year ago and 11.7% from $681.8 million last May.

By contrast, import growth was sluggish at 1.5% to $938 million from $924 million a year ago. It was 5% lower compared with the previous month's $987 million level.

The top five exports last June were electronics and components ($174.96 million), articles of apparel and clothing accessories ($168.64 million), coconut oil ($24.71 million), sugar ($22.33 million) and woodcraft and furniture ($19.11 million).

The five major imports durign the same period were mineral fuel, lubricants and related materials ($135.04 million), machinery other than electric ($94.51 million), electric machinery, apparatus and appliances ($93.8 million), materials and accessories imported on consignment basis for the manufacture of semiconductor devices ($82.88 million) and base metals ($43.9 million).

The NSO also reported that 90 out of 26,997 export documents and 47 out of 24,768 import documents were still expected from the ports.

Military Rebels Request Release of Mutineers

HK1608054391 Quezon City MALAYA in English 16 Aug 91 pp 1, 6

[Text] Military rebels yesterday demanded clemency for all detained mutineers as a precondition for holding peace negotiations with Gen. Lisandro Abadia, Armed Forces chief.

A rebel spokesman who goes by the alias "Efren San Fernando" told defense reporters in a telephone interview the release of detained rebel troops will prove the government's sincerity in seeking genuine reconciliation.

The rebel spokesman also denied reports of an ongoing dialog with Abadia.

Abadia earlier met with former Army Lt. Col. Romelino Gojo and former PC [Philippine Constabulary] Capt. Diosdado Valeroso to discuss the prospects of the peace talks.

The Armed Forces has suspended military operations against the military rebels three times since May, sending detained rebel officers on liberty passes to contact their underground leaders ex- Lt. Col. Gregorio Honasan and former Commodore Domingo Calajate.

San Fernando said, "There is no way we will talk with Gen. Abadia without the government first releasing the prisoners."

Communist Rebel Leaders Captured in Iloilo City

HK1608054191 Manila MANILA BULLETIN in English 16 Aug 91 pp 1, 22

[By Aris Ilagan]

[Text] The Philippine Army announced yesterday the capture of two leaders of the Communist Party of the Philippines-New People's Army (CPP-NPA) in Iloilo City.

Maj Gen Arturo Enrile, Army chief, identified those arrested as Abraham Cagud, alias "Ka [Comrade] Arman," head of the organization department of the CPP Panay Island Revolutionary Party Committee-Southern Front Commission [PIRPC-SFC] and his wife Melinda Cajutol. Cagud carried a P [peso] 35,000 price on his head.

The couple was nabbed by Army intelligence units on San Juan Blvd, Molo, Iloilo City.

Brig Gen Raymundo Jarque, Army 3rd Infantry Division chief, said that Cagud was on his way to a doctor for an eye examination when spotted by the intelligence operatives.

Jarque said that the rebel leaders admitted having led several liquidation operations of government and military personalities in the Visayas region, including that of Mayor Gideon Cabegurda of San Remigio, Antique.

Cagud also admitted that the CPP-NPA was greatly weakened because of successful military offensives, reforms implemented under the Aquino administration and the failure of the communist system in many countries of the world, according to Jarque.

But the rebel leader disclosed that the CPP-NPA was making plans to recover ground. The PIRPC-SFC is planning to intensify recruitment operations in the Panay Island.

Jarque said that the Army has been placed on alert in these areas to thwart the communist plans.

Officials Continue To Discuss Bases Issue

Aquino Remarks on Law

HK1608011491 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 15 Aug 91

[Text] President Corazon Aquino stressed that it is sufficient for the United States to recognize the new military bases agreement as a treaty even if the U.S. Senate does not ratify it. This was President Aquino's reaction in the face of some senators' firm decision and insistence that the U.S. Senate ratify the agreement.

The president explained that there is a U.S. law which specifies that the nonratification of a bases agreement is acceptable under international law. Aquino said that what is more important is the adherence to the Philippine Constitution, which strictly states that the only treaty which will be recognized is the one ratified by the Philippine Senate and considered also as a treaty by the other contracting party.

Meanwhile, in a related development, Senate President Jovito Salonga confirmed that the initialing of the RP [Republic of the Philippines]-U.S. draft treaty, will be done this coming Saturday or next week, because President Aquino and Foreign Affairs Secretary Manglapus have already compromised themselves. Thus, they can no longer withdraw from initialing the draft treaty, which will ultimately have to be signed in the coming days. Despite this statement from Salonga, the majority of senators insisted that it is impossible for the draft treaty to be ratified.

Senator Edgardo Angara said that it would be better for the president not to sign the draft treaty in order to avoid inevitable embarrassment. According to Angara, if the president does not sign the bases treaty, it will not have to be submitted to the Senate for ratification, and therefore, the government and the United States will not be placed in an embarrassing situation. The senator explained that his proposal is a more acceptable alternative and the consequences of which will not be very painful for either party.

Manglapus Remarks on Signing

HK1608140691 Hong Kong AFP in English 1352 GMT 16 Aug 91

[Text] Manila, Aug 16 (AFP)—A draft treaty extending the stay of a U.S. naval base in the Philippines for 10 years will be signed by cabinet officials Saturday, Foreign Secretary Raul Manglapus has announced.

But it still faces an uphill battle for ratification in the Philippine Senate.

Manglapus did not say Friday who would initial the treaty but official sources said he would, along with other cabinet members.

Manglapus headed the Philippine panel which negotiated the draft treaty with U.S. representatives.

A majority of senators have declared opposition to the agreement, saying it prolongs American colonial influence, violates national sovereignty, allows nuclear weapons into the country and pays too little.

The draft treaty must be approved by at least two-thirds of the 23-member Senate.

Meanwhile, newly-arrived U.S. Ambassador Frank Wisner told reporters here that rejection of the pact, permitting the Subic Naval Base to stay open, would be "very upsetting" to Washington.

After presenting his credentials to President Corazon Aquino, Wisner said that "for the agreement not to pass the Senate would of course, be very, very upsetting.

"We will respect the wishes of the Philippine people (and) the Senate," he said. "They are the elected representatives but it would be, obviously, with regrets."

Wisner did not comment when asked if there would be negative repercussions if the draft treaty were rejected.

Wisner, who served as ambassador to Egypt for the past five years, arrived here late Thursday as the proposed treaty between the two allies remained under threat and Aquino's administration lobbied for its passage.

The document calls for total compensation of 2.1 billion dollars to the Philippines for allowing Subic, the main repair and supply facility of the Japan-based U.S. 7th fleet, to remain open.

Asked about reports that the draft treaty was about to initialled, Wisner said "I don't rule that out, but there are a couple of points, details which still need to be worked out here, back and forth with Washington."

He said that he and Aquino discussed the agreement, adding that she "strongly made the point to me how important she believed it is to get the base agreement ratified.

"We are both working for a similar objective," the ambassador said.

Vowing to "do what I can to explain questions that people might have about the American point of view," Wisner concluded that "it is going to be a busy time ahead."

U.S. troops are to completely withdraw from Clark Air Base, which was devastated by June's volcanic eruption of Mount Pinatubo, by September 1992.

The current 25-year U.S. lease on Subic and Clark runs out next month, on September 16.

Business groups have warned that a rejection of the bases treaty would adversely affect the economy while the military has warned that the resulting loss in U.S. military aid would leave the country with weakened defenses and damage its campaign against communist guerrillas.

Congressmen Seek Treaty Rejection

HK1608031591 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 15 Aug 91

[Text] Twenty-one congressmen, comprising the Movement for New Democracy [KBB], are asking the Senate to reject the new bases treaty.

In a resolution presented by the group, whose members mostly come from the ruling Struggle of the Filipino Democrat [LDP], they stressed that the continued stay of the U.S. bases is against the Constitution and detrimental to national development.

The KBB chairman, Congressman Enrico Dayanghirang, said that it is an insult to every Filipino to stay under the U.S. shadow. Dayanghirang also assailed House Speaker Ramon Mitra Jr.'s reason for supporting the new bases treaty. According to Dayanghirang, it is not reasonable for Speaker Mitra to say that we greatly need the Americans' help to salvage our economy and boost our national defense.

The congressmen said that the United States is a nuclear power and there is reason to think that the U.S. bases serve as launching grounds for dangerous nuclear weapons.

Further on Congressmen's Stance

HK1608052291 Manila PHILIPPINES NEWSDAY in English 16 Aug 91 pp 1, 2

[By reporters Fidel F. Asor Jr, Jose H. Macaspac III, Arthur H. Bariuad, and Dionisio Tubianosa and correspondent Efren Dayauon]

[Text] Twenty-four House representatives yesterday urged the Senate to reject the proposed bases treaty on the ground that continued U.S. operation of the facilities impinged on Philippine sovereignty even as diplomatic sources said the agreement would be initialed by the two governments on Tuesday next week.

New U.S. Ambassador to Manila Frank Wisner who arrived last night and Foreign Affairs Secretary Raul Manglapus would initial the agreement, the sources said.

Senator Edgardo Angara, meanwhile, suggested that President Aquino take the honorable way out of the bases mess by simply not signing the accord to avoid embarrassment on both sides. Angara, a pro-bases senator, apparently belives the pact will be rejected by the chamber.

This meant, he said, that the Philippines would just let the Military Bases Agreement expire on September 16 and allow the U.S. government to seek its own remedies, including invoking the one-year grace period to dismantle its facilities under the Ramos-Rusk Agreement.

In Malacanang, Mrs Aquino said that a bases treaty ratified by the Senate and recognized by the U.S. as such even if not passed on by the U.S. Senate would be acceptable and valid under the Constitution.

"Our Constitution is rather precise in stating that a treaty duly concurred in by the (RP) Senate (can be) recognized as a treaty by the other contracting party," she said.

The move of the House members came two days after Speaker Ramon Mitra Jr openly declared his support for the proposed treaty, reversing himself after years of being an anti-bases advocate.

The congressmen, belonging to the Katipunan para sa Bagong Demokrasya [Movement for New Democracy] (KBD), cited Section 7, Article II of the Constitution which mandates the state "to pursue an independent foreign policy with the national sovereignty, territorial integrity, national interest, and right to self- determination as the paramount consideration."

They said the continued stay of the bases prevented the country from pursuing an independent foreign policy, and the installations could be used as launching pads for nuclear weapons.

The 24 congressmen were identified as Artemio Adasa Jr, Arden Anni, Antonio Aquino, Ramon Bagatsing Jr, Gerardo Cabochan, Joaquin Chipeco Jr, William Claver, Anna Dominique Coseteng, Enrico Dayanghirang, Jose Luis Gascon, Bonifacio Gillego, Ramon Jabar.

Eduardo Joson Jr, Michael Mastura, Arturo Olegario Sr, Jose Ong Jr, Hernani Panganiban, Hilario de Pedro III, Oscar Rodriguez, Oscar Santos, Baltazar Sator, Rey Magno Teves, Milagros Laurel-Trinidad and Jose Zubiri Jr.

Reacting to Mitra's position on the bases, Dayanghirang, KBD president, said there was no basis in fact to conclude that the U.S. bases were an economic and military necessity in the country.

During his privilege speech Tuesday declaring his full support for the treaty, Mitra said the country could not yet stand on its own, economically and military, without the U.S. facilities.

"The position sadly reflects a very low regard for the capability of the Filipino to be sovereign. I am more confident in the ability of the Filipino to resist this economic and military blackmail," Dayanghirang said.

For his part, Gillego said Mitra's full support for the agreement was unfortunate since his action "can exert persuasive influence among the less committed members of the House."

He added that the House was further exposed as a reactionary chamber of Congress "oblivious to dramatic transformations in the international security situation and the irreversible trend towards peace and disarmament."

"The position taken is one of abject surrender and acceptance of continuing subservience and dependency," Gillego stressed

Sources close to the negotiating panels said key issues in the draft accord had already been settled by the technical committees of both sides, although they remain entangled on how to officially call the accord, with the U.S. wanting the pact to be called "agreement" while the Philippines insisting on calling it a "treaty" in accordance with the constitutional provision.

Defense Secretary Renato S. de Villa urged the Armed Forces leadership to "come out very strongly" in favor of the retention of the American facilities.

Major General Loven C. Abadia, the Air Force chief, told a news conference at the Villamor Air Base to launch a concerted effort to campaign for the ratification of the new accord.

"We happen to believe that this treaty should be ratified to give us at least a 10-year breathing space," he stated.

Abadia said the PAF [Philippine Air Force] was presently highly dependent on the Foreign Military Sales (FMS) program tied to the bases pact for its weapons and equipment procurement program, especially at a time that the national government could hardly allocate sufficient funds for its operations and modernization thrust.

According to Abadia, 70 percent of their budget allocation for weapons acquisition comes from the FMS and only 30 percent is contributed by the national government.

Without this assistance from the Americans, Abadia said, our Air Force modernization programs would be derailed and our air defense capability for external agression would be practically nil by 1995.

Senators Urge Withdrawal Talks

HK1608040491 Manila PHILIPPINE DAILY INQUIRER in English 16 Aug 91 p 1, 13

[By Tony Bergonia]

[Text] Senators opposed to the new bases agreement yesterday asked the government to initiate talks for the orderly withdrawal of U.S. troops since the Senate was sure to reject the new base agreement.

The proposal came as the Seante foreign relations committee called a "crucial" meeting to discuss the proposed bases treaty before it is brought to the floor for debate and voting.

Pressure was mounting on the Senate to ratify the pact with top military officers and base workers yesterday joining the clamor for approval of the treaty.

President Aquino said the government will not press the U.S. Senate to ratify the treaty since a declaration recognizing it as such wuld satisfy the requirement of the Philippine Constitution.

"Our Constitution is rather precise in stating that a treaty duly concurred in by the Senate be 'recognized as a treaty' by the other contracting party," Ms. Aquino said.

She quoted Foreign Secretary Raul Manglapus as saying U.S. jurisprudence governing the matter of recognizing treaties was acceptable under international law.

The President directed Executive Secretary Franklin Drilon to devote full-time to ensuring the treaty's ratification. And Drilon warned against rejecting the treaty, saying the government did not have adequate resources to support displaced workers and for the modernization of the Armed Forces.

At the House, 18 congressmen urged the Senate to reject the treaty saying the presence of U.S. troops was an infringement on Philippine sovereignty and that the bases served as "launching platforms for nuclear weapons."

The group led by Rep. [Representative] Enrico Dayanghirang described as "unfortunate" Speaker Ramon V. Mitra's endorsement of the base treaty.

"(Mitra's) position reflects a very low regard for the capability of the Filipino to be sovereign," Dayanghirang said.

Mitra, however, denied he flip-flopped on the issue, saying he had kept silent about it until last Tuesday.

"Now that the talks are completed, I thought it my obligation to declare where I stand on an issure of far-reaching importance," he said.

In a privilege speech Tuesday, Mitra admitted that he was one of the signatories to a covenant entered into by leaders of the anti- Marcos movement who pledged, among other things, to work for the dismantling of the bases once they come to power.

But he said he now favors ratification of treaty "as an economic and military necessity."

In calling for talks on the orderly withdrawal of U.S. troops, Sen. Rene Saguisag said the government should immediately form a body to study the process and prepare for its immediate effects.

"There should already be a modus vivendi for orderly withdrawal...in the face of certain rejection of the agreement," Saguisag said. "This agreement will not reach the floor."

Under Senate rules, the proposed treaty has to go through four committees; foreign relations, national defense, labor, and economic affairs.

Saguisag said it was unlikely any of the four committees would endorse the treaty, "considering the mood of the senators now."

Sixteen of the 23 senators rejected the new agreement in a straw vote conducted by Senate President Jovito Salonga early this month.

Sen. Wigberto Tanada said the results of the straw vote was not likely to be reversed despite the President's efforts to ensure the treaty's ratification.

"The only thing left to do now is for them (U.S. troops) to start packing up and leave," Tanada said.

Saguisag said although the government has the option of renegotiating the agreement, the U.S. government's refusal to enter into new talks closed this option.

Most senators who voted against the agreement in Salonga's survey objected to its compensation terms, saying the $203 million in annual compensation for 10 years of U.S. access to Subic Naval Base was not sufficient to meet the country's economic needs.

Sen. Edgardo Angara, who has indicated he will vote for the treaty's approval, acknowledged that it faced rough sailing in the chamber.

He asked Ms. Aquino to put of submission of the agreement to the Senate to avoid embarrassment.

Armed Forces Chief of Staff Gen. Lisandro Abadia has strongly endorsed ratification of the treaty citing the "practical needs" of the military before it achieves self-reliance.

Abadia told the Senate foreign relations committee the other day that the AFP's [Armed Forces of the Philippines] efforts to repel threats to national security and its modernization program would be adversely affected by the U.S. withdrawal and the loss of $100 million a year in foreign military financing and $3 million in international military education and training program.

Air Force chief Maj. Gen. Loven C. Abadia also called for the treaty's ratification saying taht without U.S. support the country's air defense capability would be lost by 1995.

"Non-ratification of the treaty will result in the withdrawal of U.S. support, leaving the AFP with only $203 million for 1991 and what was left of the residuals from past funds," the Air Force chief said.

"Our six F-5 jet fighters will be gone by December next year, the C-130 transport planes and the S-76 Sikorsky helicopters will be out by 1993. By 1995 all the Huey helicopters will be unflyable and there will be no Air Force to consider," he added.

Base workers said they would not vote for senators who reject the treaty in the 1992 election.

Roberto Flores, president of the Federation of Filipino Civilian Employes Association, said his group would lead a campaign against anti-base senators.

Flores said rejection of the treaty would put tens of thousands of workers directly or indirectly hired in the U.S. facilities out of jobs. Some 42,000 base employes lost their jobs with the phase- out of Clark Air Base and the reduction of the workforce in Subic after Mount Pinatubo's eruptions.

Drilon Cites Limitations

HK1608102891 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 16 Aug 91

[Interview with Executive Secretary Franklin Drilon by Anchorman Joe Taruc on "Liberty in Action Program"—Live; italicized passages in English]

[Excerpt] [Passage omitted] [Taruc] Mr. Secretary if we were not mistaken there were two occasions when President Aquino talked to members of the Senate but in spite of this, it seems that only a few changed their minds and the majority are still opposed to the ratification of the bases agreement.

[Drilon] Not all Joe. There are some who are consistently objecting, and that is their belief thinking it would be best for us that we don't have a military base here. There are others who say they will vote for the treaty, and in between these two extremes there are many that are still thinking about it, so it is not true that the issue is closed. President Aquino has talked to each individual senator and has explained the essence of the treaty and things that should be given special notice prior to making their vote in the Senate.

[Taruc] One point of objection Mr. Secretary, is about the U.S. Government's statement saying there is a need for the U.S. Senate to ratify the treaty and have it registered at the United Nations. It looks like this is one

point that is being objected to by members of the Senate. What is the difference and the implication of this?

[Drilon] In our Constitution its says that *it must be a treaty and recognized as a treaty by the other party.* I would like to stress *recognized as a treaty.* To us it is a treaty, but to the other party it is *recognized as a treaty.* If President Bush says *that the United States of America recognizes this as a treaty and will deliver its commitments, we will perform our obligations under this treaty. Then to our mind, that satisfies the constitutional requirements.* This is already acceptable to our Constitution. Because Joe, we have a principle in our law, which is that our law is binding only in our territory and is not binding to the other party. So if our Constitution says it is a treaty then we will give it to the Senate for ratification. To the other party our Constitution says *that it must be recognized as a treaty. Well we cannot control* what kind of process they have there. If their laws say they recognize it as a treaty and has the same effect, then it is what our constitutional commissioners meant when they put *recognized as a treaty by the other party.*

[Taruc] Looks like the majority of members of the Philippine Senate are against the treaty, and one of the provisions of our Constitution is *it should be ratified by the Philippine Senate* prior to being considered as a treaty. What will our administration do if just in case, this treaty is not be ratified by the senate?

[Drilon] We have a Constitution Joe, and there is nothing that we can do about it if the Senate cannot ratify it and they cannot remain in our country, that is our Constitution and we must follow it. [passage omitted]

Defense Sector Supports Ratification

HK1608022491 Manila DWIZ Voice of the Filipino People's Radio in Tagalog ?200 GMT 16 Aug 91

[Text] The Department of National Defense [DND] and the Armed Forces of the Philippines [AFP] are now openly campaigning for the ratification of the new treaty which will extend the stay of the U.S. bases in the country. Part of the steps undertaken by the DND and AFP were briefings for members of the Senate Committees on Intelligence and Foreign Relations.

Defense Secretary Renato de Villa and AFP chief General Lisandro Abadia stressed that Senate rejection of the treaty would gravely affect the entire AFP. Aside from the $253 million which the AFP would lose, they said that the present national security campaign and the military modernization program would also be greatly jeopardized.

De Villa and Abadia submitted to the committees the results of their study on the issue of mutual bases agreement, which has something to do with the country's internal and external security and defense conditions. They said that ratification of the bases treaty would add to the AFP's much needed funds and could greatly help in providing the support the Armed Forces needs in relation to U.S. communication, transportation, and battle equipment.

In relation to this, Air Force chief Major General Loven Abadia admitted that the Air Force is incapable of defending the country from internal and external aggression. In a news conference, Abadia said that Filipinos should once in a while shed their pride because it cannot be denied that we still need U.S. help. According to Abadia, his admission should be one reason as to why the U.S. military bases should stay. The withdrawal of the U.S. bases would surely jeopardize their operation. The Air Force chief explained that they do not have any alternative for maintaining air defense should the Americans leave. He stressed that rejection of the proposed RP [Republic of the Philippines]-U.S. Bases Treaty would greatly impact national security and defense. Abadia also added that, at present, the Air Force is developing its capability to support the surface forces in the campaign against insurrection. Because of this, the Air Force needs sufficient funds, like those the United States gives the AFP.

Banker on Economic Situation

HK1608113491 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 16 Aug 91

[By Restie de Quiros, DZRH Unit No. 8]

[Text] Central Bank Governor Jose Cuisa gave a stern warning to the Senate saying that if the new agreement on the retention of the military bases in the country is not ratified, it might be possible that our economy will collapse. This was disclosed during a hearing of the Senate Committee on Foreign Relations, headed by Senator Leticia Ramos Shahani, which was conducting an inquiry into the possible effects on the country if the Senate rejects the ratification of the treaty. According to Cuisa a big percentage from the Americans that helps our economy might be lost. This might lead to a drain on the U.S. dollar supply in the country, a loss of foreign investment, and he added, our employment crisis will get worse especially for the 100,000 base workers. He stressed that it is not only the workers that will be affected but also millions of families who depend solely on jobs on the U.S. bases. [passage indistinct]

Official on Financial Impact

HK1608043691 Manila PHILIPPINE DAILY INQUIRER in English 16 Aug 91 p 8

[By Rene de los Reyes]

[Text] The reduction by the United States of its military presence here might not have as much impact on the country's payments balance as earlier feared, an official of one of the Philippines' biggest creditor institutions said yesterday.

The official, who asked not to be named, said the U.S. has cash commitments that will not be significantly reduced till the end of 1992, and the closure of Clark Air Base in Pampanga would not likely trigger a balance of payments [BOP] crisis.

The official added that the lower level of bases money flowing into the economy would begin taking effect only in 1993 and 1994, when the Philippine government expected to have placed the country on a more solid BOP footing.

This scenario, however, will only come true if the predominantly anti-bases Philippine Senate ratifies the bases treaty, the official claimed.

The official echoed the statements made earlier by Finance Secretary Jesus Estanislao, who has been sowing fears of economic instability in case of non-ratification, saying the country's economy and budget would lose $350 million that it generated from the bases every year.

Central Bank [CB] Gov Jose Cuisia, said the CB and government economic managers would have to study closely the impact of any form of withdrawal.

Another CB official warned that the country could no longer borrow or beg for money from the U.S. and its allies in case of a withdrawal.

Anti-bases advocates are citing the economic opportunities opened by a withdrawal, which they said would make up for the economic losses alleged by the pro-bases advocates.

Thailand

Prime Minister Notes 'Very Good' U.S. Ties

BK1608042991 Bangkok THE NATION in English 16 Aug 91 pp A1, A2

[Text] Prime Minister Anan Panyarachun, now in the process of "renewing associations" with US President George Bush, believes their meeting either in Washington or Bangkok would be "quite possible" if progress is made in Thailand towards the early restoration of democracy, he told THE NATION.

Anan indicated that the progress which Washington would like to see in Thailand is probably a definite timetable for the next general election. He said he expects the election to take place either in late January or early February. But he added it was something over which the government did not have control and perhaps by late October or early November, he would have a clearer idea as to when the poll would really happen.

In an exclusive interview last Friday, Anan reminisced about the good old days when he and Bush worked and socialized closely as ambassadors to the United Nations back in the early 70s.

"We were quite close, you know, officially and personally. I remember we were the special guests at the Metropolitan Opera House one night and we were also taken to see a baseball game. But in the past 16 years, I must say that I have lost contact with him... We lost touch with each other and I even thought that he had forgotten me until June 2 when our new ambassador to Washington (M.R. Phiraphong Kasemsi) presented his credentials and President Bush was kind enough to ask about me twice, and he used the term, 'my good friend, my former colleague'," Anan said.

After receiving the report from the ambassador, Anan said he decided to write Bush a letter, explaining to him what his government had been doing to promote bilateral relations.

In his letter, which he described as a "semi-official" one, Anan mentioned, among other things, the two narcotics bills which his interim government revived and presented to the National Legislative Assembly in response to the US interest, and Thailand's active support for negotiations to achieve a comprehensive peace settlement for Cambodia.

Describing relations with the United States as very good, Anan said that the atmosphere of the latest negotiations on the patent issue to prevent Thailand from retaliatory trade action under the United States' Super 301 measure had taken on a more positive note than previously.

The dispute has narrowed to only two issues on pharmaceutical patents: compulsory patents and the transitional period, Anan said.

As for the political relationship, Anan admitted that it was a matter of principle for Washington to portray itself as keeping a distance from the Thai government which was installed by the military following the Feb 23 coup.

But that did not affect the working relationship between the two countries, he said.

Asked whether he had a plan to visit the United States and meet Bush in the near future, Anan replied: "Er, not in the immediate future, but anything can happen. I don't know."

He said the United States did not have anything against him, but from the "theoretical point of view", he was still illegitimate, given the fact that he did not come to power through an election.

So there is that kind of psychological hang-up in the way. And it's going to be difficult for the United States or President Bush to extend an invitation to me now. But of course, if we continue to make progress along the path towards the early return of a democratic regime, it's quite possible that they may invite me to Washington or he may visit Thailand," he said.

But Anan said the odds were higher for him to see Bush in Washington than the other way around because the US president had a very tight schedule.

Other points he made in reference to Thailand's diplomatic policy regarding other superpowers and neighbouring countries include:

—With Japan: The premier said Thailand was concerned over the widening trade gap and wants Japan to allow Thai goods, including manufactured products, greater access to Japanese markets. He said the chronic trade imbalance with Japan began to improve four or five years ago but worsened again three or four years ago for good reason—the relocation of Japanese factories to Thailand. The relocation, he said caused an increase in capital goods, including machinery from Japan, into Thailand.

He said he hopes the situation would improve after these factories start churning out their products and export them back to Japan.

Anan has a plan to visit Japan but the schedule has yet to be fixed.

—With China: Anan will visit China around September 23 for three days. He said he would not criticize China in connection with the bloody incidents at Tianamen Square a few years back because the level of Thailand's concern over the human rights issue is not at the same degree as that of the United States and because Thailand is not a superpower.

He dismissed speculation that China and Vietnam might have struck a secret deal over Cambodia. Under the feared "Red solution", the Khmer Rouge and the Phnom Penh regime would cooperate at the expense of the non-communist factions.

—On Indochina: Anan said the focus is now placed on improving ties with Laos. For Vietnam, the level of mistrust between the two countries has dramatically declined and "you can practically say that there is no mistrust anymore between us."

Prime Minister Meets Japan's MITI Minister

BK1608145191 Bangkok Army Television Channel 5 in Thai 1230 GMT 16 Aug 91

[Text] Prime Minister Anan Panyarachun met Japanese Minister of International Trade and Industry [MITI] Eiichi Nakao at Government House this morning. They exchanged views on topics of political and economic interests of both parties.

Prime Minister Anan reported afterwards that the Japanese Government offered to help the ASEAN bloc in fighting worsening industrial pollution, and it has chosen Thailand as the center of this program. Asked about the investigations into the murder of Thai monks in the U.S. town of Phoenix, the prime minister denied that he ever planned a visit to the United States to meet President Bush on the issue. He said U.S. police and FBI authorities are conducting the investigations.

[Begin recording] [Anan] Do I have to meet the U.S. president on this matter? No, no. It is the responsibility of local authorities. The U.S. police and the FBI are coordinating efforts on the investigation. Officials have been sent from Washington to probe into the murders. [end recording]

Asked about a possibility that the case might be distorted to involve narcotics trafficking, the prime minister said had to wait for results of the investigations being conducted by the U.S. police. He said the results would be reported to the Thai Embassy.

Commerce Minister Receives Minister

BK1608140791 Bangkok Radio Thailand Network in Thai 1200 GMT 16 Aug 91

[Text] Speaking to newsmen after receiving Japanese Minister of International Trade and Industry Aichi Kanao, Commerce Minister Amaret Sila-on said they discussed international trade conferences, particularly the GATT Uruguay Round which Japan hopes that the United States and the EC could agree on a most effective solution for the agricultural trade and disagrees with developed countries imposing trade laws, such as the U.S. Article 301, against developing countries. Amaret said Japan and Thailand share the view that as much as possible, the GATT principles should serve as the basis for free trade.

Amaret said he and the Japanese visitor discussed Thailand's growing trade deficit with Japan as the result of import of Japanese capital goods such as machinery. Thailand proposes and Japan agrees in principle to invest more in machinery production in Thailand. Japan is also asked to make tax concessions and relax quotas on canned pineapple and tapioca flour. Thailand asks to be able to export frozen pork to Japan after Taiwan discontinues its exports there soon, says Amaret.

Joint Lao Border Commission Begins Meeting

BK1608041191 Bangkok THE NATION in English 16 Aug 91 p A2

[Text] Cha-Am—Senior officials from Thailand and Laos yesterday began the first day of the maiden meeting of the joint commission by finalizing an agreement to set up a Thai-Lao General Border Committee (GBC).

The agreement will be inked at the end of the three-day meeting by Foreign Minister Asa Sarasin and his Laotian counterpart Phoun Sipaseut tomorrow. The event would mark the completion of restructuring the bilateral cooperation which has now been systemized through three committees—the joint commission, the GBC and the existing Joint Boundary Committee.

The GBC, which will be co-chaired by the Thai army chief and Lao's first deputy defence minister, will oversee and settle border- related issues. The GBC will

establish a sub regional committee chaired by the Thai and Laotian governors of the two countries border provinces.

The GBC will meet once a year to assess the overall security situation, work out solutions to problems which cannot be resolved by the regional committee, which is scheduled to meet twice yearly or whenever necessary.

Witthaya Wetchachiwa, permanent secretary of the Foreign Ministry, said the meeting yesterday agreed on almost all matters but informed sources said there was still a minor technical hitch which still needed to be thrashed out at today's meeting.

The sources said the Laotian side expressed some reservations on the title of the accord which is "an agreement on the Thai-Lao border cooperation." Border in Thai linguistically means boundary in Lao terms provoking Laos' argument that an agreement on boundary cooperation is already in place.

Witthaya, head of the Thai delegation, said the meeting marked a new turn in bilateral relations in which all problems will now go through the joint commission, the policy making body down to specific committees under it, similar to what Thailand has with Malaysia.

"This is a concept that we are after, where all issues will be discussed and solved in a comprehensive manner," Witthaya said.

The joint commission meeting was able to be convened within less than three months after its initiation in late May during Asa's visit to Laos where he signed an accord on its establishment with Phoun.

Witthaya said the Thai side also informed the Laotian delegation on the progress made towards the implementation of trade agreements with Laos. Those are an end to crossborder transportation between the two countries and a special tariff treatment in which 16 items of Laos' agricultural products exported to Thailand will be entitled to tax reduction.

However, the Thai chief said a decision on the volume of import on four items—sorghum, pea, jute and garlic—which were on the list of banned goods is still pending.

He said the Laotian side will meet with Commerce Ministry officials on Monday to discuss the volume of imports into the country which would not harm Thai produce.

Both sides also touched on a wide range of issues including coope ation on narcotics suppression, Laotian refugees, tourism and electricity supply to Laos.

Laotian senior officials at the meeting were led by Witthaya's counterpart Thongsai Phothisan.

Foreign Minister Remarks on ASEAN Trade Zone

BK1608032391 Bangkok BANGKOK POST in English 16 Aug 91 p 6

[Text] Thailand will soon send a governmental mission to ASEAN capitals in a bid to drum up support for the ASEAN Free Trade Area [FTA] proposal, Foreign Minister Asa Sarasin said yesterday.

A working group of the Finance Ministry is elaborating on the ASEAN FTA concept initiated by Prime Minister Anan Panyarachun, and as soon as the task is finished, the governmental mission will visit the seven ASEAN countries beginning with Indonesia.

"We have received the support from (Malaysian) Prime Minister Mahathir Mohamad himself, who made a statement in support of the Thai initiative. Certainly, he believed that the time frame will be the turn of the century, and from my discussion with (Indonesian) Foreign Minister Ali Alatas, Indonesia has the same objective. The question is how to realise that objective," said Mr. Asa.

Mr Asa talked on a broad range of issues at the Foreign Correspondents Club of Thailand yesterday.

"I believe strongly that ASEAN must come to this kind of cooperation," he said.

ASEAN should reorientate the direction of its relations with its dialogue partners, from the "one-sided" characteristics as has until now been the case to the "give-and-take" basis for the sake of "more meaningful relationship and credibility" with the dialogue partners, he said.

The dialogue partners are European Community, the United States, Japan, Australia, New Zealand, with Korea as the latest addition this year.

Mr. Asa said what prompted him to advocate this change was the ASEAN-EC dialogue in Brussels in May, during which he detected that "if we go at this present pace it would not be effective."

The ASEAN FTA idea will be on the agenda of the ASEAN Economic Ministerial Meeting in October and the ASEAN leaders' summit in Singapore next January. At the collapse of GATT world trade talks late last year, Malaysian Prime Minsiter Mahathir Mohamad proposed an East Asian Economic Grouping, which failed to win support as some prospective participants feared the pact could emerge protectionistic.

Asked to comment on the upcoming round of Cambodian peace talks slated for August 26-30 in Phatthaya, Mr. Asa said he hoped the event would be a success and paved way for the UN Transitional Authority for Cambodia to operate in the war-ravaged country.

Mr. Asa played down speculation of a "red solution" between China and Vietnam which backed the opposing sides in the Cambodian conflict. He expressed confidence the settlement would be based on the Permanent Five framework. "I do not believe that the 'red solution'

would be the case the solution cannot be worked out without the leadership of Prince Sihanouk, the only one who can bring all the factions together," he said.

The inter-Khmer talks among members of the Supreme National Council in Phatthaya will be immediately followed by the SNC meeting with representatives of the five permanent members of the United Nations Security Council, the co-chairmen of the Paris Conference on Cambodia and the UN Secretary-General's special envoy.

Repatriation of more than 300,000 Cambodians kept in camps along the Thai-Cambodian border would promptly begin after the settlement, said Mr. Asa.

He added that Thailand was consulting the United Nations High Commissioner for Refugees (UNHCR) on preparations for the repatriation.

Mr. Asa also said yesterday that Burmese military ruler Gen Saw Maung would be welcomed if he wanted to visit Thailand

But he added that so far Burma had not approached Thailand on the matter.

Mr. Asa reaffirmed Thailand's constructive engagement policy towards Burma aimed at making its neighbour part of the regional peace and prosperity.

He said Thailand's policy was "the right direction" since applying pressure in and sanctions against Burma would not work, adding that Burma should instead be exposed to "what's going on outside" and encouraged to "look to the future."

Foreign Minister Remarks on Burmese Relations

BK1608035991 Bangkok THE NATION in English 16 Aug 91 p A3

[Text] Foreign Minister Asa Sarasin said yesterday that Burmese junta leader Gen Saw Maung would be welcome here if he wanted to come but there had been no approach on the matter from the Burmese side.

His announcement came only a few days after reports that Saw Maung's plan to come here in June at the invitation of the Supreme Command had been put to a halt by the Foreign Ministry.

"Well, should he like to come, I don't think that we ought not to allow him to come," Asa said during an interview with a group of Bangkok-based foreign correspondents.

But the foreign minister could not specify in what capacity the Burmese leader would be received here, saying that the issue had to be discussed and worked out if the trip were to arise.

"It's a question of image. That has to be worked out, but he has not approached us yet (about) whether he wants to come to Thailand or not. We have not been approached by General Saw Maung to come to Thailand, so we have not yet discussed in what capacity he should be coming here," he said.

An informed government source said the Thai military seemed determined to have Saw Maung, the chairman of the 19-member State Law and Order Restoration that crushed the democracy movement in Burma in September 1988, visit Thailand in early December so that he could receive a royal decoration.

An invitation to Saw Maung was made during a one-day visit to Rangoon by Supreme Commander Gen Sunthon Khongsomphong who travelled there on Feb 22, just one day before he himself staged a coup in Bangkok.

Saw Muang will visit China between August 20-25 at the invitation of Chinese President Yang Shangkun. It will be the first trip overseas for Saw Maung, who is also Defence Services Commander-in- Chief as well as prime minister, foreign and defence minister.

Both China and Burma have been harshly criticized by the international community and human rights organizations for their armed crackdowns on democracy movements and continuing widespread human rights abuses.

Asa yesterday reiterated the Thai and ASEAN policy and approach towards Burma, saying that he viewed the Western method of pressure and isolation of Rangoon as useless in pushing for political change in that country. But he stressed that it did not mean that ASEAN liked what was happening there.

"... It does not mean that we prefer what is happening in that country. But at the same time we feel that the (Western) way will not work," he said.

ASEAN wants to "engage and bring the (Burmese) leadership as well as the civil servants out. We ought to welcome them (so they can) see what is happening in the outside world," Asa said.

"It does not mean that we will go on promoting anything inside Burma but just keep them in contact and welcome them," he said.

Asa quoted Burmese Deputy Foreign Minister U Ohn Gyaw, who visited Thailand last week, as saying that he saw positive aspects for the Burmese people from the Thai stance and the ongoing exchanges between the two countries.

The foreign minister said Ohn Gyaw appreciated being informed during his visit here last week of the meetings in Luxembourg and Malaysia where ASEAN foreign ministers were urged by the European Community, the United States, Australia and Canada to apply pressure on Burma.

The Burmese guest was also told of what Rangoon should expect from the coming annual UN General Assembly, where the Burma issue would come up on the agenda, according to Asa.

On the question of Burmese students taking refuge here, Asa reiterated that they would be allowed to remain in Thailand. "I can assure you that it will not be the case," he said, referring to forced repatriation of the students.

Armed Forces Spokesman Gen Narudon Detpradiyut reportedly said during a recent interview with Radio Thailand that Rangoon had urged Thailand to repatriate the Burmese students rather than have them face possible legal action as illegal immigrants.

The spokesman said Rangoon had guaranteed the safety of the students, hundreds of whom have sought protection from the UN.

Foreign Ministry Sets 1991-92 Aid Budget

BK1608033191 Bangkok BANGKOK POST in English 16 Aug 91 p 24

[Text] The Foreign Affairs Ministry has set a budget of 200 million baht worth of aid to grant to neighbouring countries, 25 million baht this year and 175 million baht in 1992.

Three groups of countries will receive the money from Thailand under this particular programme. In the first group will be Laos, Burma, Cambodia and Vietnam, while the second group will comprise other developing countries and the third will be ASEAN countries.

Assistance to countries outside these will come from the Government's normal budget.

Air Force To Buy F-16 Aircraft for Gulf Patrols

BK1608054391 Bangkok Radio Thailand Network in English 0000 GMT 16 Aug 91

[Text] The Royal Thai Air Force [RTAF] will bring in a fleet of 18 F-16 aircraft for use in the protection of national interest in Thai territorial waters, especially along the southern coasts.

Deputy Transport and Communications Minister Air Chief Marshal Suthep Theppharak says a budget of about 1.3 billion baht has been allotted for the project so far. He says, however, that additional allocation is still needed and the RTAF's request for the increase is now pending approval by the National Legislative Assembly.

Legislative Assembly Passes Antinarcotics Bills

BK1608133391 Bangkok Radio Thailand Network in Thai 1200 GMT 16 Aug 91

[Excerpt] National Legislative Assembly [NLA] President Ukrit Mongkhonnawin chaired the 20th meeting of the NLA at 0935 this morning. The meeting approved two antinarcotics bills which had passed deliberation by NLA commissions. The gist of the bills imposes punishment for people who conceal, advise, or serve as contacts for narcotics trafficking activities, as well as establishes a committee for verifying assets of suspect traffickers or their accomplices for confiscation during trial process unless they could prove that those assets were not acquired by narcotics related activities. The bills also imposes a maximum six-month imprisonment or 10,000 baht fine or both for suspects who refuse to submit to questioning or supply documents for investigative purposes. [passage omitted]

Vietnam

Press Release on Joint U.S. MIA Search

BK1508140291 Hanoi VNA in English 1319 GMT 15 Aug 91

[Text] The Vietnamese Foreign Ministry today announced that Vietnamese and American specialists conducted the 14th joint search for MIA from July 17 to August 12.

The ministry said in a press release that the number of cases brought up for investigation or excavation during this joint search was the biggest so far concentrating in the two central Vietnam provinces of Quang Binh and Quang Nam-Danang.

In Quang Binh Province, the head of the American team appreciated the cooperation offered by the local authorities and population and said that the joint search programme had been a very diversified one.

At the request of the U.S. side, Vietnam has arranged an investigation by the joint search group into the photo of three U.S. servicemen reported missing during the Indochina war. The group visited and conducted investigations at An Diem and Tien Lanh detention camps in Quang Nam-Danang and concluded that no foreigner was detained at those camps.

Also in connection with this photo, the joint search group has returned to Hanoi to conduct an excavation related to the U.S. flyer John Leightsom Robertson who died when his plane was shot down in Chi Linh, Hai Hung Province, on September 16, 1991.

The results of these activities will be evaluated at the Vietnamese-U.S. experts' meeting on MIA to be held in Hanoi from August 20-21. The meeting will also discuss measures to step up the resolution of cases of disparity of information or cases about which information has been too scanty.

Canada To Open First Diplomatic Office in Hanoi

BK1608105491 Hanoi Voice of Vietnam in English 1000 GMT 16 Aug 91

[Text] Canada will open its first diplomatic office in Hanoi on August 22. Though the U.S. continues its political and economic sanctions against Vietnam, Vietnam has mobilized its relations with the European Community and some Western European embassies have been opened in Vietnam.

(Marie Renea), in charge of the External Relations Office said that Canada and Vietnam will set up relations in many fields, not only politics, thus creating opportunities for Canadian business persons to have joint ventures and invest in Vietnam.

At present, Canada ranked the fifth in investing in Vietnam with the total of $100 million.

Nguyen Duy Nien Arrives Home From PRC

BK1608113691 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Aug 91

[Text] Following the splendid success in the recent exchange of views between Vietnamese and Chinese deputy foreign ministers, Comrade Nguyen Duy Nien, member of the Communist Party of Vietnam Central Committee and deputy foreign minister arrived in Hanoi on 16 August.

On hand to welcome him home at the airport were Dinh Nho Liem, first deputy foreign minister, a number of high-ranking officials of the Foreign Ministry, and Chinese charge d'affaires a.i. to Vietnam Li Jiazhong.

PRC's Li Peng Congratulates Vo Van Kiet

OW1608004791 Hanoi Voice of Vietnam in Mandarin 0830 GMT 15 Aug 91

[Text] Premier of the Chinese State Council Li Peng recently sent a telegram to Vo Van Kiet, the new Vietnamese premier, congratulating him on his appointment as the premier of Vietnam. The congratulatory telegram says: China and Vietnam are close neighbors, and the peoples of our two countries have a long tradition of friendship. I hope that both sides will continue measures for promoting a comprehensive political solution to the Cambodian issue and strive to normalize Sino-Vietnamese relations at an early date. This is not only conducive to the interests of the peoples of our two countries but also favorable to peace and stability in the region.

Chinese Foreign Minister Qian Qichen has also sent a congratulatory telegram to the current Vietnamese Foreign Minister Nguyen Manh Cam.

Meeting Marks Afghan Independence Day

BK1508152491 Hanoi VNA in English 1453 GMT 15 Aug 91

[Text] A meeting to mark the 72nd Independence Day (August 19) of the the Republic of Afghanistan was jointly sponsored here today by the Vietnam Union of Peace, Solidarity and Friendship Organization; the Vietnam-Afghanistan Friendship Association; and the Hanoi Fatherland Front Committee. Present were Nguyen Canh Dinh, member of the Communist Party of Vietnam Central Committee, minister of water resources, and president of the Vietnam Afghanistan Association; Professor Pham Khac Quang, chairman of the Hanoi Fatherland Front Committee, Phan Van Chuong, secretary general of the Union of Peace, Solidarity and Friendship Organizations; and representatives of the party Central Committee International Department and the Foreign Ministry.

In his commemorative speech, Prof. Pham Khac Quang voiced Vietnamese people's support for the peace initiatives and national reconciliation policy of Afghanistan.

He expressed the firm belief that the Afghan people under the leadership of President Najibullah will win new successes in their just struggle.

National Assembly Resolution on Agricultural Tax

BK1508150191 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 13 Aug 91

["Resolution on the Draft Law on Agricultural Tax" passed on 12 August by the SRV Eighth National Assembly's ninth session]

[Text] By virtue of article 83 of the SRV Constitution, on the basis of the Eighth National Assembly's seventh session resolution on the draft law on agricultural tax; after hearing the Council of Ministers' report on the draft law on agricultural land tax, an investivative report by the National Assembly's Economic, Planning and Budget Committee, and the viewpoints of National Assembly deputies, the SRV National Assembly hereby resolves:

1. The enforcement of the current law on agricultural tax will be continued in the present period.

2. The Council of Ministers is charged with the task of studying and compiling the new law on agricultural tax for submission to the National Assembly at its next session.

This resolution was approved by the SRV Eighth National Assembly's ninth session on 12 August 1991.

[Signed] Le Quang Dao, chairman of the National Assembly

Pham The Duyet at Party Committee Conference

BK1508151191 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 3 Aug 91

[Text] On 3 August, the standing body of the Hanoi municipal party committee held a conference of key cadres aimed at seeking a profound understanding of the main contents and viewpoints of the seventh party congress' resolutions. Comrade Pham The Duyet, member of the party Central Committee Political Bureau and secretary of the municipal party committee, presented the basic contents and viewpoints of the congress' resolutions to the participants.

Plans have been worked out by the standing body of the Hanoi municipal party committee to provide guidance for the implementation of the party Central Committee's

directive on studying and seeking a profound understanding of the party congress' resolutions along with satisfactorily preparing for and convening the second-round party organization congresses at various levels.

Ministerial Circular on Funding for Livestock

BK1508151191 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 1 Aug 91

[Text] The Finance and Agriculture and Food Industry Ministries recently issued a circular guiding the implementation of Decision 125 on 18 April 1991 by the chairman of the Council of Ministers on providing compensated funds to maintain and improve the quality of pedigree livestock breeds.

The circular clearly defines the pedigree breeds that will receive compensated funds. They are water buffalos, cows, pigs, chickens, ducks, swans, and geese.

The compensated funds will be calculated on each unit of livestock. A reasonable total of expenses for the breed will be calculated on a fixed quantity of materials, food, medicine, tools, energy, water, labor cost, depreciation, tax, and fees paid to the national budget.

When establishing the compensated funds, the other direct and indirect expenses will be calculated at a flat rate.

Journal's Special Issue on Congress Reviewed

BK1508153791 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 31 Jul 91

["Review of the July-August 1991 issue of TAP CHI QUOC PHONG TOAN DAN"]

[Summary] The special July-August issue of TAP CHI QUOC PHONG TOAN DAN is devoted to dealing with the Seventh National Congress of Delegates of the Communist Party of Vietnam.

"The journal begins with an editorial under the title: 'The Victorious Banner of the Vietnamese Revolution in the New Struggle.' This is followed by:

—"Article by General Doan Khue: 'Some Fundamental Viewpoints Concerning the Defense of the Socialist Fatherland Through the Documents of the Seventh Party Congress';

—"Article by Comrade Nguyen Dang Quan: 'New Step of Development in the Theory of Building Socialism in Our Country';

—"Article by Comrade Nguyen Duc: 'The Seventh Congress of the Communist Party of Vietnam and the Marxist-Leninist Doctrine on War and the Army';

—"Article by Comrade Cao Son: 'Some Views on National Defense Task in the New Stage'; and

—"Article by Colonel Lawyer Le Duc Tiet: 'Why Does the Legalization of Party Lines and Policies Remain Slow?'

The journal opens a new section: "Vietnam's Military Theory and the Party's Military Line—Study and Exchange Views," with the aim of providing a theoretical basis for readers to seek a profound understanding of the tasks of consolidating national defense and defending the fatherland laid down in the documents of the seventh party congress.

Also found in this issue are:

—"Article by Lieutenant General Doan Chuong: 'Let's Discuss Vietnamese Military Theory';

—"Article by Colonel Le Dang: 'Some Characteristics of Vietnamese Military Doctrine'; and

—"Article by Colonel Bui Quang Trang: 'The Concept of Considering the People as the Base in Ho Chi Minh's All-People and All-Round War.'

In the "Exchange Views and Experience" section, there are:

—"Article by Major General Nguyen Xuan Hoe: 'Correctly Understand and Implement the Principle of Democratic Centralism in Elections Through Experience From First-Round Party Congresses at Various Levels in the Army'; and

—"Article by Comrades Luu Thi Le Thuy and Bui Thi Hoa: 'Regarding National Defense and Security Tasks in Thoi Binh Ward of Can Tho City—Some Achievements and Suggestions';

Found in "Renovate the Theory of Data Information" is an article by two Soviet authors, (Godenko and Sorov): "Renovation in Vietnam."

Finally, in the "Data on Foreign Military" section, the journal carries an article by Comrade Tran Minh: "The Air-Ground War Doctrine and the Gulf War."

Dong Sy Nguyen Attends Meeting for Flood Victims

BK1508152791 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Aug 91

[Text] In Hanoi on 1 August, Comrade Dong Sy Nguyen, vice chairman of the council of ministers, and representatives of ministries and sectors at the central level met to hear the people's committee chairmen of Son La and Lai Chau provinces report on the loss of lives and property of the local people caused by the recent downpours and flash floods.

After hearing reports and viewpoints expressed by representatives of ministries and sectors at the central level, Comrade Dong Sy Nguyen commended these two provinces for their urgent measures taken to overcome the consequences of this natural calamity, including their

prompt rescue work, the provision of shelters for the local people, and their help in enabling them to quickly restore production.

Comrade Dong Sy Nguyen urged ministries, sectors of the central level, and the two provinces to survey and compile reports on the damage and map out plans to overcome the consequences in the most economical way. He said that Son La and Lai Chau provinces should motivate the local ethnic minority people to provide help to one another during this difficult period. He also called for efforts to suspend unessential capital construction projects to reserve funds for overcoming the consequences of this natural calamity. Ministries and sectors at the central level should assign more competent cadres to these two provinces to study the situation and map out an effective assistance program. Regarding financial aid provided by the central government, the Ministry of Finance must promptly send this aid to the two provinces, while the latter must quickly file reports to the Council of Ministers, listing items and funds they need to help the local people. These provinces must ensure sufficient food and clothes for people in the flood-stricken areas, while striving to prevent contagious diseases.

Rice Planting Nationwide Reported

BK1508142391 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 31 Jul 91

[Summary] "As of 25 July, all localities throughout the country had planted 1.606 million hectares of 10th-month rice, representing 59.78 percent of the planned norm. By 30 July, the northern provinces alone had planted this rice on 1.2 million hectares or more than 90 percent of the planned area."

Last week, there were rains in the northern provinces, which were conducive to the cultivation of 10th-month rice. However, rainfall was not even and, as a result, the provinces in former zone four were still subjected to drought.

"The southern provinces have planted 10th-month rice on 483,650 hectares. This shows an increase of 19.76 percent over the same period last year. Along with planting 10th-month rice, these localities have harvested 204,000 hectares of summer-fall rice, representing 16.85 percent of the planned norm, with those in the Mekong River Delta accounting for 116,200 hectares."

Brown planthoppers are now continuing to do harm to riceplants in the Mekong River Delta. All localities in the region are actively protecting summer-fall rice and newly-planted 10th-month rice against insects and diseases.

Asian Experts Train Young Business People

BK1508142291 Hanoi VNA in English 1319 GMT 15 Aug 91

[Text] Hanoi VNA August 15—Malaysian, Philippine and Thai experts briefed a group of 40 young business people and cadres during a week-long training seminar held in Hanoi last week.

The lecturers advised trainees on how to run a contracting business, on government policies regarding private economic development and also related the success stories of young businessmen in their own countries.

The course was jointly sponsored by the Ho Chi Minh Communist Youth Union and the Economic and Social Commission for Asia and the Pacific (ESCAP).

The participants attended field trips to several successful business ventures undertaken by young people in Hanoi and the neighbouring province of Ha Son Binh.

Australia

Recession Still Holding According to Figures

BK1508064691 Melbourne Radio Australia in English 0500 GMT 15 Aug 91

[Text] Hopes that the Australian economy is on its way out of the recession have been dashed by the latest national accounts figures. Figures on Australia's Gross Domestic Product [GDP] had been worse than market expectations. Julian Birthey has the details:

[Begin Birthey recording] Seasonally adjusted, the June quarter GDP figure came in at negative 1 percent, bringing the figure for the year to June to negative 2.4 percent.

Today's result was at the bottom end of the market forecast and analysts agree it is disturbing. In the last five quarters there has been only one quarter of positive growth, leading many to speculate the economy is in a worse situation than previously thought.

Economists say today's result will increase pressure on the federal government to ease monetary policy in order to avoid the economy stalling once again. [end recording]

More on Recession

BK1508042891 Hong Kong AFP in English 0314 GMT 15 Aug 91

[Text] Sydney, Aug 15 (AFP)—Australia's economy shrank 2.4 percent in the year to June 30, according to data released Thursday, which prompted economists to call for urgent interest rate cuts.

"The recession is not even slowing down," Dennis Mahoney, senior economist at Westpac Banking Corp, said. "The government should cut interest rates another time and by a sizable amount."

The Bureau of Statistics said the annual fall in gross domestic product (GDP) equalled the fall in GDP recorded between June 1982 and June 1983, Australia's last severe recession.

The bureau's trend estimate for GDP recorded its fourth successive fall, which indicates no signs of recovery.

GDP fell a seasonally-adjusted one percent in the June quarter, following a revised 0.4 percent growth during the three months to March 30, the bureau said.

Excluding exports and imports, it said the domestic economy as measured by gross national expenditure contracted 4.7 percent in the year to June 30 and 1.3 percent in the June quarter.

Over the year, exports jumped 14.8 percent while imports only rose 1.7 percent. Mahoney said the GDP figures together with last week's unemployment data showing the jobless rate at 9.8 percent, close to an eight-year high, and poor retail sales figures earlier this week meant the economy was shrinking rapidly.

"The economy is showing no signs of bottoming out," he said. "It implies that no longer is an interest rate cut premature. It's now a matter of some urgency."

Treasurer John Kerin ruled out interest rate cuts last week despite figures showing inflation at a 21-year low of 3.4 percent.

Kerin said he wanted further evidence that inflation was beaten before easing monetary policy, adding that he feared trimming interest rates would overheat any recovery.

Mahoney said: "There is very little risk of rekindling an excessive recovery."

"These results give us no basis for thinking that there is any tentative sign of a recovery," he said, dismissing recent improved housing finance figures as signs the recession was bottoming.

Since interest rates peaked in January 1990, Canberra has eased cash rates 7.5 percentage points to about 10.5 percent.

The Australian dollar jumped from 77.95 U.S. cents to 78.10 U.S. cents in the (?half-hour) after the GDP figures were released at 11:30 a.m. (0130 GMT).

The bureau said that during the June quarter total investment as measured by gross fixed capital expenditure fell 2.7 percent while during the year to June it fell 11.1 percent.

The trend estimate removes irregular factors affecting seasonally-adjusted numbers such as (?strikes or one-off) large export or import sales.

New Zealand

No More MPs Expected To Quit Ruling Party

BK1508045891 Hong Kong AFP in English 0448 GMT 15 Aug 91

[Excerpts] Wellington, Aug 15 (AFP)—New Zealand Prime Minister Jim Bolger denied Thursday that there was a major rebellion inside his ruling National Party in the wake of a controversial budget and the resignation of two MPs [member of parliment].

He was reacting at a press conference after freshmen backbench MPs, Gilbert Myles and Hamish MacIntyre, announced Thursday they were quitting the party. [passage omitted]

Bolger said he did not expect any more of his MPs to quit. "There's no one queuing up to join them," he said. The bulk of his caucas remained loyal, he said.

"I have much greater admiration for those who have the integrity to stay and take the difficult decisions. Those are the members whom I have very high respect for."

Bolger said he was not surprised by the two MPs' action and said it would make no difference to the government.

"They voted against the government in the House and they spoke against the policies. Now they can do that from an independent platform," he said.

The budget announced by Finance Minister Ruth Richardson last month included deeply unpopular cuts to pensions and the introduction of a system of means testing.

Bolger repeated his previous statements that there were not going to be any changes to the scheme announced in the budget. "We're not going to start pulling bits and pieces off it," he said.

Disillusioned MPs Quit

BK1508033891 Hong Kong AFP in English 2235 GMT 14 Aug 91

[Text] Wellington, Aug 15 (AFP)—Two outspoken backbench members of New Zealand's Parliament said Thursday they were quitting the ruling National Party and would sit in the chamber as independents.

Gilbert Myles and Hamish MacIntyre said in a press conference they were "sickened by the hypocrisy and deceit" of the party and the Labour opposition.

They said they would remain in Parliament as independents but would later spearhead the formation of a new party.

Prime Minister Jim Bolger told Radio New Zealand he was not surprised at the news, which is a major blow to the government, already flagging in public opinion polls.

The resignations of the pair, who were first elected to Parliament last October, do not affect the government's substantial majority.

Myles and MacIntyre, who is the son of a former deputy prime minister, said the final straw for them came last week when Social Welfare Minister Jenny Shipley warned pensioners not to hide income that could be used in assessing the level of their pensions.

She said her department had ways of finding out how much money and assets people had, a statement that the two MPs [member of parliment] said "smacked of totalitarianism."

Daily Closes Due to Losses, Recession

BK1608091691 Melbourne Radio Australia in English 0500 GMT 16 Aug 91

[Text] New Zealand's biggest evening newspaper, THE AUCKLAND STAR has closed. The owner, Independent Newspapers Limited [INL], said financial losses and New Zealand's deep recession were the reasons. The paper lost $4.5 million last financial year and in recent years its circulation had dropped from 140,000 to 65,000 a day.

THE AUCKLAND STAR's sister paper THE SUNDAY STAR will continue. INL, New Zealand's biggest media group, is half-owned by News Limited [as heard], the Australian-based company of media magnate Rupert Murdoch.

Solomon Islands

Police Seize Ammunition Bound for Bougainville

BK1608073091 Melbourne Radio Australia in English 0500 GMT 16 Aug 91

[Text] Police in Solomon Islands' Western Province have intercepted a cargo of ammunition, believed to have been destined for the Bougainville Revolutionary Army. Two Bougainvillians are being questioned about the arms. Solomon's police have confirmed that 1,500 rounds of ammunition were found on 26 July in cardboard cases on an inter-island vessel which arrived at the western provincial capital of Gizo from Honiara.

Police said the ammunition was made up of .22 and .303 bullets. There was also a .22 rifle. They said two Bougainvillians, who were travelling on the vessel, have been arrested and are to appear in the Honiara magistrate court on Monday.

Police said they are investigating into where the .303 bullets came from because the type is not sold publicly in Solomon Islands and is only on issue to the Royal Solomon Islands Police Force.

Radio Australia's Honiara correspondent says a number of Bougainvillians have been detained in Solomon Islands for illegal possession of firearms and ammunition since the Bougainville rebellion crisis began in 1989.

Vanuatu

Pacific Media Group Complains of Censorship

BK1408143891 Hong Kong AFP in English 1121 GMT 14 Aug 91

[Text] Suva, Aug 14 (AFP)—The Pacific Islands News Association (PINA) Wednesday called on Vanuatu Prime Minister Father Walter Lini to stop censoring political opponents.

A statement from PINA, which represents the media in most island states, said it was "appalled by Father Lini's recent orders to Radio Vanuatu not to broadcast the

views and decisions of his opponents in the Vanuatu leadership dispute.

"Freedom of information and expression are basic human rights and by censoring Radio Vanuatu, Father Lini is denying the people of Vanuatu these," PINA, one of strongest critics of suppression of the press in Fiji, said.

Lini, engaged in a leadership struggle with three of his former allies, on Tuesday ordered the government media unit which runs Radio Vanuatu and Vanuatu weekly newspaper to stop broadcasting statements from his opponents.

His foes, including sacked Foreign Minister Donald Kalpokas, last week replaced Lini as president of the ruling Vanua'aku Party and asked him to step down.

The PINA statement issued here said that as a national broadcaster funded by taxpayers Vanuatu's media has an obligation to fully inform its audience.

It urged Lini to respect Article 19 of the Declaration of Human Rights, which says: "Everyone has the right to freedom and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media regardless of frontiers."